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CHINA REPORT

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON ENTERPRISE DEMOCRATIC MANAGEMENT

HK050330 Beijing JINGJI YANJIU in Chinese No 9, 20 Sep 82 pp 35-39

[Article by Ding Jiatiao [0002 1367 4383]: "On Democratic Management in China's Industrial Enterprises"]

[Text] Democratic Management Is an Intrinsic Characteristic of Socialist Enterprise Management

Enterprise management powers and the management system clarify the application and distribution of actual economic relations, in particular and first and foremost being the management of the means of production. Simultaneously, this also includes scientific organisation, guidance and surveillance of the application of the means of production in carrying out production, exchange, distribution adjustments and all other administrative activities related to production. All of these fall under the restrictions of the relations created by the means of production. As Marx pointed out: "A capitalist is a capitalist not because he is a leader in industry--quite the opposite--he is in charge of industry because he is a capitalist." (Marx: "Das Kapital," Vol 1, p 369) This is clear evidence that management power and directive power may only exist in an auxiliary or supplementary form. Thus the nature of a management system must embody the nature of such a system while those in charge of management must embody the will and nature of everyone. Different systems and styles of management are not subjectively created by the whims of individuals, but are decided by objective conditions, in particular, as decided by the nature of the means of production. This should illustrate that the management of which we talk is designed to carry out all functions and embody the innate character of production relations, and is not designed to rationally organize the production force and embody the basic functions of the necessary control and scientific adjustment of the labor force. Enterprise management has two major characteristics, and when studying this management the differences should be made clear.

In a capitalist society the capitalists own the means of production and everything in an enterprise is turned over to the capitalist while the power of enterprise management lies only in the hand of the capitalist or his representative. Although the workers are selling themselves out they are forced to yield to the authority and will of the capitalist. The class difference between the exploiters and the exploited creates a management

function which can only be called "labor surveillance," where economic management falls under the dictatorial rule of the capitalist. In this way, the workers hired by the capitalist are powerless to take part in enterprise management activities. Of course, in some enterprises in the capitalist world, as a result of advances in modernized scientific technology and production developments, mental work is becoming a larger and larger part of the structure of the work in general, in terms of the actual process of enterprise management, and this in turn requires greater and greater use of the worker's awareness and initiative. At the same time, a constant sharpening of the contradiction between labor and capital has forced capitalists to change their management styles vis-a-vis the workers and to introduce systems of worker participation in management within enterprises. The capitalist monopolies of West Germany stand out most in this area and in the last 30 years they have published many "styles of management participation," but none of these have changed the basic autocratic rule of the capitalists over enterprise production management. The supervisory committee is the highest organ of surveillance in an enterprise and appoints and dismisses all those selected to the board of directors of an enterprise. The chairman always represents capitalist interests and has final authority over differences of opinion or deadlocks within the supervisory committee, thus giving the supervisory committee chairman only secondary powers. Of course all this is designed to protect the interests of the capitalists and illustrates that under a system of private ownership of the means of production, even after a long struggle, when the workers success is forcing the capitalists to hand over some management functions to them, it is impossible to change the fact that management power still rests in the hands of the capitalist, thereby the basic interests of the capitalists are not endangered and there is no change in the basic aims of the capitalists, namely, exploitation through management and exploitation through division of management. Lenin succinctly pointed out that: "In terms of economic, capitalist class democracy is nonexistent." ("Lenin; the Theoretical State of Marxism", p 70) Workers in an enterprise do not have the choice to enjoy correct democratic management and for the working masses the capitalist class democracy is nothing more than a vain hope.

Public ownership of the means of production in a socialist society means that there can be direct unification between the workers and the means of production, with the worker becoming the master of the means of production. In this way a material foundation is provided on which enterprises may carry out correct democratic management. The inherent qualities of a socialist enterprise management system are far greater than those of a capitalist management system. Such a democratic management system is built on the foundation of public ownership of the means of production, and this is exactly the essential character of socialist enterprise management as well as a realization of public ownership of the means of production. Engels pointed out that in a socialist society, "All areas of production will be managed by the entire society, that is, management should be carried out for the benefit of all, in accordance with total all-round planning, and participation of management should include every adult member of society." ("Principles of Communism--Selected Works of Marx and Engels," Vol 1, p 217) After the victory of the October Revolution Lenin said socialism permitted

"All power, and this time not only political power, but, more importantly, economic power--the power which reaches to the deepest foundations of man's everyday life--will return to the new class." (Lenin: Speech at the First Committee Meeting of the National Economic Committee, "Collected Works of Lenin," Vol 27, p 383) Such economic powers must be put to correct use and therefore demand the use of democratic management. Lenin stressed many times that it was important to always increase the number of workers and peasants involved in managing industry and the national economy and the need to train workers in management of large-scale enterprises and in the organization of mass production. (See Lenin: Preparing the Party Central Committee for the Organization of the Russian Classes, "Collected Works of Lenin," Vol 30 p 371, Vol 27 p 276) These words of guidance are of great significance to us in our present move to strengthen and improve the democratic management of enterprises.

Analysis of China's Present Democratic Management of Enterprise

China's democratic management of industrial enterprises has undergone constant development and change. Shortly after liberation factory management committees were set up in state-run industries and enterprises. These were the highest administrative bodies in the factory. The importance attached to democratic management at that time meant that fairly full play was given to the advantages of socialist industrial enterprises, thereby activating the enthusiasm and creativity of the workers. It was during the first 5-year plan that the large-scale socialist construction program was put underway and within many of the country's backbone enterprises the emphasis on scientific management and the implementation of rational organized production meant that less attention was paid to and a slacker attitude was adopted towards democratic management. The year 1957 saw the initiation of the "workers representative committee system," although this came under attack shortly thereafter during the great leap forward in 1958. In the early sixties the workers representative committee system was reestablished but soon received another pounding in the form of the 10 years of social chaos, or the cultural revolution. Since the party's Third Plenary Session, the democratic management of China's enterprises has entered a new phase with full rein being given to socialist democracy and a strengthening of the socialist legal system as well as the initial restructuring of the system of economic administration.

If one looks back at the course of history over the last 30 years since the establishment of the PRC one can say that in general the democratic management of China's industrial enterprises have seen progressive forward development. It has played an active role in developing industrial production, consolidating the socialist system of the public ownership of the means of production and allowing full expression to the advantages and superiority of the socialist system. Nevertheless, one cannot forget that the level of democratic management in China's enterprises is not very high and has seen occasional operation and occasional cessation, being generally spasmodic in nature. In terms of the present-day situation, the democratic management system is still not fully healthy nor totally perfect and indeed has not yet been legislated and systematized. This presents stumbling blocks for

improvements in the socialist enterprise administration and management as well as hinders the further development of the production forces. Such a situation arises as a result of the following few major reasons:

The backwardness of economic, cultural and scientific technology in old China resulted in a low level of scientific and cultural ability in the workers, thereby restricting the management level of the work force. In the implementation of a correct democratic management primary importance is placed on the establishment of managers adept at their work. Lenin pointed out: "Management requires expertise, which therefore requires a thorough understanding of the conditions of production, modern advanced production technology and therefore a certain amount of scientific flair. These are the requirements that all of us should have no matter what." (Lenin: Speech at the Third National Congress of the Soviet Water Transportation Workers, "Collected Works of Lenin, Vol 30, p 394) Thus improvements in the level of cultural and scientific ability of the workers and the extent of their movement toward direct contact with the means of production depends on the level of development of the socialist production forces and the extent of production socialization. The success of the revolution in China came about under semi-colonial and semi-feudal rule and the level of development of the production forces was low while the economic, cultural and scientific technology were all fairly backward, resulting in a very low scientific and cultural level among the laboring masses. Despite the great changes in the last 30 years these kinds of historical restrictions still adversely affect the realization of true democratic management in enterprises and for this reason the development of democratic management in enterprises must be seen as a transitional one from a low level to a higher level.

The indivisible system of leadership within a party, government and enterprise has delayed the movement towards democratization of China's enterprises. The system of leadership within a socialist enterprise directly embodies the relationship of the working masses in terms of managing affairs and taking responsibility. For a long time now China's industries and enterprises have been working with the system of foreman responsibility under the control of party committee leaders as well as the workers' representative committee system also under the control of the party committee leaders. This has played an active role in the strengthening of the party leadership, the advancement of workers' democratic management and the promotion of production development. Unfortunately, however, it has been a fairly widespread phenomenon not to separate the party, the government and enterprise and thereby confuse and mix together the differing functions of party organizations within an enterprise and party organizations with the government and the administration. The democratic management organs of an enterprise in reality only act in an advisory capacity and have not yet become organs with any authority. Such a situation in no way helps the development of the working masses' role as management organizers, nor does it improve the vitality of enterprise administration and management.

Excessive centralization of power within an economic management system tends to restrict the democratization of enterprise management. A socialist national economy is a complex piece of machinery and must function in

accordance with the wishes and aims of the owner, hence there is a need for a democratic management system in which it is convenient and easy for the masses to act as managers. For a long time now China's system of economic management has overstressed a high degree of centralized unification with the result that people, finances, materials, supply and sales within an enterprise have been unified to the strangulation point with the enterprise greatly lacking autonomous power and the workers starving for policy-making power. As a result enterprise leaders only act on orders and workers' initiative and creativity are not given free expression, making correct management within the sphere of economics even more difficult.

Such faults as these directly influence the development of democratic management. In the past, understanding of socialist democratic management of an enterprise has been very incomplete and there has only been a very basic grasp of the methodology and style with no thought given to questions requiring thorough understanding, such as how it relates to the quality and nature of a socialist enterprise and the extent to which socialism may actually realize such things. As far as the treatment of workers' powers are concerned most of the talk has been about enjoying educational power, laboring power social insurance and other such powers, with very little if any regard being given to management power and policy-making power. As a result it has been very hard to avoid the existence within the sphere of economics of feudal and small-scale production administrative thinking and methodology. This also hinders the development of democratic management in an enterprise. Thus it could be said that only after suffering through 10 years of social disorder caused by Lin Biao and the gang of four are we ruefully coming to realize the urgent necessity for the realization of a socialist economic democracy. We should all dutifully learn from these lessons.

The Basic Way for Achieving Democratic Management in an Industrial Enterprise

Realization of socialist economic democracy is vital for the development of the socialist economy. The establishment and perfection of the system of democratic management would be of enormous benefit for the consolidation of the socialist system of public ownership of the means of production as well as the promotion of the four modernizations construction program. "Resolutions to several historical problems within the party since the establishment of the PRC" clearly states "in the gradual realization of direct democracy of the people within the primary stage of government power and the primary stage of everyday social life, it is of utmost importance to strive for developing democratic management of enterprise undertakings by the working masses within enterprises everywhere." For this reason we must assimilate the lessons we have learned in the past and actively create the correct conditions and adopt many different measures to gradually complete and perfect the system of democratic management, and on the basis of this system ensure the realization of workers' management authority. In the present era and in the future we must carefully study and seek answers to the following various problems:

1. The most basic measure for the realization of socialist economic democracy is the implementation of restructuring in the economic management system.

The key to realization of socialist economic democracy is the correct handling of the relations between the state and primary level units of the economy as well as interrelations within the enterprise itself. At present it is necessary to recognize that an enterprise is an independent economic unit and to respect the independent power of an enterprise. If an enterprise has independent authority and power, regardless of anything else, the problem which must be answered first is who will exercise this power. For this reason independent authority and power in large-scale enterprises must be merged with the management powers of the working masses of such enterprises so that the workers may truly become the masters of the means of production. Marx already touched on this when he wrote "The centralization of the means of production on a national scale will create the social and national foundation of a free and equal unified system of producers and these producers will consciously perform the labors of society in accordance with unified and rational planning." (Marx: On Land Nationalization, "Selected Works of Marx and Engels," Vol 2, pp 454) Such is the target that we should aim for in our restructuring of the economic management system.

The material basis for the realization of socialist economic democracy, according to Marxist principles, is the successful merger of the work force with the means of production. So far we have achieved the public ownership of the means of production and we are now setting up the conditions for the merger of the two bodies. However under the current system in operation, within all enterprises, the direct merger of the work force and the means of production has a step-by-step movement to realization. At present, when handling relations between the state and enterprises, we must release enterprises from their position as subsidiary parts of the whole administrative and government body and then allow an enterprise, under planned state guidance and within the limits of the law, to use its initiative and organize and carry out economic activities and thereby independently establish a production system and administration and management system, while making everyone responsible for the success of administration and management. In other words, the entire working body becomes not only the owners of the means of production but have the power to make use of the means of production and hence also a certain amount of control over the fruits of their labors. In this way enterprises will change from being simple units carrying out orders to become active policy-making units.

Democratic management within an enterprise should be carried out according to the principles of the system of democratic centralization by organizing the workers to exercise independent power. On this democratic basis the command system involving the centralized unification of production technology and administration and management with the foreman or manager as the head should be strengthened and made to suit the demands of socialized large-scale production. In addition to the question of power, there is also the question of handling "benefits." The overall benefits of the entire work force depends on the success of enterprise management. In this way it is possible to join together the material benefits of each individual worker and the results of enterprise production administration. The rational division of the material benefits of the state, the enterprise and the individual is the embodiment of the principles of the system of economic,

democratic centralization on the basis of economic benefits. Only in this way is it possible to activate the enthusiasm of the workers to its fullest extent.

3. Restructuring the system of leadership in an industrial enterprise and allow the full expression of the workers' representative committee. There have been numerous changes to the system of leadership management in China's industrial enterprises starting with the introduction of the party committee system which was later changed to the foreman system. Both these systems were flawed and therefore the system of foreman responsibility under the guidance of the party committee leadership came into being. Nevertheless, during the implementation of all three management systems there was one common fault, namely, their inability to permit the working masses to correctly exercise management power. Thus this stage of restructuring must completely solve this problem.

Experience shows that a modern enterprise requires effective management. There are three types of power--policy-making power, directive power and surveillance power, all of which must be properly handled. All are both independent and mutually restrictive. Only in this way is it possible to protect the power interests of the state, the enterprise and the work as well as ensure the necessary efficacy of a modern enterprise.

Policy-making power is the authority and policy-making power guides the enterprise in the uses of the means of production entrusted to it by the state and methods of management. This type of power should be exercised by administrators, technicians and production workers, all of whom are represented in the workers' representative committee and other long-standing factory management committees. It should ensure that enterprise management gives full rein to socialist democracy and allows the work force to truly become owners of the means of production. Democratic management of an enterprise requires one single helmsman. This is especially true in a socialized large-scale production in which, without centralized and unified command, there can be no successful management. Directive power should be exercised by the foreman or manager of a factory on the basis of the democratic policy-making of the enterprise workers' representative committee. With such a system of leadership the workers' representative committee and the factory foreman or manager make up a democratic centralized organized system carrying out responsibilities of the enterprise as well as the benefits of power. The enterprise party committee should ensure the correct implementation of the party line, directives and policies as well as getting a grasp on the socialist direction of the enterprise and carrying out successful ideological and political work. Day-to-day administrative work for production within the enterprise is under the unified control of administration workers who have full responsibility while the party committee oversees and inspects the work. In this way the inseparability of party, government and enterprise may be avoided.

Surveillance power differs from the above two types of powers in that not only is it a question internal to the enterprise, it also becomes a question of national interest, and thus represents the state in overseeing the

activities of an enterprise. Hence this type of power must be exercised by the central powers commanding the country. Only in this way can the full implementation of party lines and national directives, policies and laws as well as the completion of all undertakings and tasks be ensured. On the basis of national interests, the party carries out surveillance of not only factory foremen and managers but also of the workers' representative committee. With power extended throughout enterprise the contradictions between enterprise and state, enterprise and enterprise, enterprise and workers as well as contradictions between partial and all-round interests and short-term and long-term interests become more complex and require careful handling. Only by placing itself in the arena of the working class and the state can the party organization correctly and successfully handle these contradictions and combine together the interests of the state, the enterprise and the individual, and in doing so activate enthusiasm in every area. For this reason, surveillance power is extremely important.

The above-mentioned three division of power are the long-term aims of the restructuring of the leadership system within industrial enterprise. At present several tens of enterprises in China have now received approval based on the relevant regulations of the party central committee and the state council to start trial runs in the restructuring of their leadership systems. The differences between those enterprises involved in these trial runs and those not involved are to be found in the democratic management organ known as the workers' representative committee. Enterprises not carrying out such trial runs find their workers' representative committee under the directive command of the party committee, making them merely organs of power with the party committee being the highest organ of power. Those enterprises carrying out trial restructuring have divided up the work of the party and administration and are carrying out the system of foreman or manager responsibility under the auspices of the workers' representative committee. This system belongs to a much more advanced level and with the workers' representative committee acting as the highest organ of authority in the enterprise, a further step is taken toward the workers being the main body of the enterprise, toward establishing correct relations between enterprise leaders and the work force and the systematic unification of the system of workers' representative committee and the system of foreman responsibility. This is the direction in which restructuring of the leadership system in enterprises should move.

3. The modern management of socialist industrial enterprises in the unification of democratic management and scientific management. The democratic and scientific facets of enterprise management are both aspects of the modernization of enterprise management. Successful arrangement of democratic management requires simultaneous successful arrangement of scientific management. Modern construction and the development of management as a science both demand that the entire work force of industrial enterprises grasp as quickly as possible an understanding of production technology and economic management. Without this there can be no functioning in accordance with economic regulations and natural laws and in addition it would be impossible to correctly realize democratic management or to achieve the final goal of improving enterprise economic efficiency. This demands a raising of the consciousness level in the workers as well as improvements in the standards

of their cultural and scientific knowledge and technological skills. There must be close merger between the management powers of the workers and their powers to receive education, and thereby raise their consciousness and capability in management participation. In this way the workers may learn to manage and from their midst we must strive to nurture a talented group capable of management.

We must create a group of production workers technicians and management personnel who understand production technology, scientific management and democratic management. On the one hand we must rely on education to produce and foster personnel in accordance with the demands of enterprise but perhaps of more importance will be reliance on the enterprise itself to utilize every possible channel to train existing personnel. In order to encourage everyone to learn, training should be accompanied by examinations, promotions and wage alterations. In this way a relatively healthy education and training system may be established as well as an all-round system of personnel management. The establishment of these systems is not only a very pressing matter in terms of enterprise democratic management, it is also the main way to realize scientific management. From now on, as the development of the social forces of production gradually shorten work time, the working masses find themselves with more and more time and energy to learn and carry out management work. Thus the increasing numbers of workers involved in enterprise and national management not only represents a historical and developmental trend but is also a present day fact illustrating the feasibility of the change.

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(The author is employed by the Industrial Economic Research Institute of the China Academy of Social Sciences.)

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON PLANNED ECONOMY

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[Article by Liu Suinian [2692 7151 1628]: "Planned Economy: A Prerequisite for the Realization of the Four Modernizations"]

[Text] Article 17 of the PRC's draft constitution states that "The state plans the national economy on the basis of socialist public ownership. It ensures the proportionate and coordinated development of the national economy through the comprehensive balancing of economic plans, with market regulation as a subsidiary." This provision reconfirms that our existing economic system is a planned economy. The development of the entire economy relies mainly on the state's planned guidance. But at the same time, attention should be paid to market regulation as a subsidiary. The provision is a scientific conclusion of our economic management since the founding of the republic. It is also an important assurance of success in our socialist construction and of the gradual realization of the four modernizations.

Since the founding of the republic, through our socialist system and planned economy, we have established an independent, relatively elaborate industrial system and national economic system out of an extremely poor and backward economy, scored remarkable achievements in sophisticated technology in national defense, and set up many industrial bases and industrial and mining enterprises in the vast mainland and regions of minority nationalities. We have improved the unreasonable production conditions and guaranteed the basic necessities of our population of nearly a billion. In towns and cities, we have provided jobs for nearly a hundred million, stabilized market prices and trained millions of intellectuals. During this period, the superiority of planned economy, as a whole, has been realized, although we have made some mistakes in certain important economic policies, for we have been unduly influenced by the "leftist" ideology and for other reasons, making our labor outweigh our achievement.

In the future, the task of socialist modernization will become heavier. We still have to rely on a planned economy with regard to economic structure and management not only because the socialist economic bases of socialized mass production and public ownership are determinant on the realization of the planned guidance of economic development, but if we want to build up

step by step and within a medium period of time, a strong socialist state with modern agriculture, industry, national defense and scientific technology and with a high level of democracy and culture. Proportionate economic development cannot be ensured if this is not done. It is also because our state is poor. We have plenty of things to do. Constructions have to be carried out, scientific, educational and cultural services have to be developed, national defense has to be strengthened and people's livelihood has to be improved. Under such circumstances, our force will be scattered and the progress of the four modernizations will be affected if we fail to get our priorities right. The greatest merit of planned economy is that balanced economic development can be conscientiously ensured so that maximum macroeconomic results can be scored, even capitalist economists have to admit that such results cannot be achieved by the market economy. The defect of planned economy is that there are too many restrictions which hamper enterprises' enthusiasm. Production enterprises do not pay much attention to the market, whose reaction to such enterprises is little. As a result, demand is always out of line with supply and waste often occurs. It is noteworthy that in order to overcome this problem, the draft constitution has summarized our 30-odd years of experience in socialist construction and some East European countries' experience and attached much importance to market regulation as a subsidiary. Apart from doing well in macroeconomics, planned economy can also take care of large construction items of major enterprises and important products which have much to do with our national economy and the people's livelihood in microeconomics. As regards minor enterprises and products, planned economy has to rely considerably on market regulation which, in fact, does not affect planned economy. On the contrary, it makes people's livelihood easier and serves as a supplement to planned economy.

During these years, we have started initial reform of our economic system and have attached much importance to market regulation as a subsidiary, which has improved our economic life. Meanwhile, some noteworthy symptoms have come into existence. Some comrades have overexaggerated the defects of planned economy and entirely rejected the existing planned system. Some have even equated it with blind bureaucratic leadership. They have advocated that the freer the enterprises, the better. Some of them have, in actuality, consciously or unconsciously spread the idea that planned economy is not as good as market economy. Actually, there exist certain tendencies to weaken or do away with planned economy. In agriculture, some localities do not follow the state's price policy. They extend the scope of overconsumption, price rises and price negotiation at will. Some brigades do not plant as the state requires. Consequently, the area of grain production tends to get small. The area of planting economic crops is out of control. Public expenditure increases and the market price is affected. In industry, some enterprises blindly increase their productivity for one-sided profits. They are reluctant to execute the production and allocation work as stipulated by the state. They expand the scope of self-sales and price negotiation, which affects the state's arrangement of key products and key work. As a result, there are undue losses and waste. In goods circulation, some units blockade one another out of blind competition. They have damaged the state's united market and had a great impact on the planned supply of resources and on commodity circulation. They have also incurred huge losses

to the state in respect to foreign economic activities. We should not exaggerate these problems. But we have to make it clear that we will slip to a market economy and public ownership will collapse if preventive measures are not taken.

We have to realize comprehensively the spirit of Article 17 of our draft constitution in order to further carry out the policies of readjustment, restructuring, reorganization and upgrading and to do well in the four modernizations. At present, we should, first of all, clarify some misconceptions. We have to publicize the superiority of socialist planned economy, reveal the nature and fundamental defects of market economy and confirm our confidence in socialist planned economy. Meanwhile, we should also adopt a series of policies on sticking to planned economy in our actual economic life so as to consolidate and develop the system of socialist planned economy. Judging from the existing actual problems, I believe that the following things should be done so as to stick to planned economy:

1. Strike a conscious balance. It is an objective economic law that a relative balance between social production and social need has to be maintained if the proportionate development of an economy is ensured. But the problem is how to strike that balance. This is a marked distinction between planned economy and market economy. The former can strike a conscious balance in advance, whereas the latter cannot. This is why the former is superior to the latter. Conscious balancing means, in colloquial terms, "to use what one has" or to act according to one's capability, we have to conscientiously, maintain a balance among finance, credits, materials and foreign exchange when a plan is being drafted. However, some comrades are sceptical about the necessity of such a balance. One of their theories is to make greater arrangements for effective demand so as to boost production. They, therefore, advocate that a deficit be provided for in financial allocation, that more bills involving credit payment, be issued and that more openings in the allocation of materials be left. We should admit that such a practice may have stimulating effect in the short run; it is certainly unworkable in the long run. It will surely trigger inflation, economic instability and even damage economic proportion. There were profound causes which accounted for the imbalance of our finance and credit during the past few years. In fact, we did not want that to happen. This is why we strive for a basic improvement in our financial and economic situation. It is not easy to strike a conscious balance. We should not leave any openings, nor should we prepare a deficit budget. More important is that we have to allocate our investments rationally so as to realize the proportionate development of our economy.

2. Stick to appropriate centralization. Planned economy is by its nature centralized economy. In this regard, our past problem was overcentralization. Enterprises were so strictly managed that they lost their vivacity. It was necessary to practice appropriate branching in our reforms during the past few years. It had good effects on mobilizing the enthusiasm of localities and enterprises. However, at present, prices are unreasonable and the application of economic means is restricted to a large degree. Under such circumstances, it is impossible for us to maintain and develop the superiority

of socialist centralization of economic management if branching is excessive. The problem is acute regarding financial resources. In the past, national revenue, at its apex, made up 38-40 percent of the national income. Normally, it was 33-35 percent. During the past few years, since a series of policies on allocation were adopted, it slipped to 26 percent in 1981. This is obviously too low. The state has been in the red for years and has to borrow capital from enterprises and localities, issue state treasury bonds, contract foreign debts and issue currency. More serious is that the processing industry and nonproduction construction are going up too rapidly and the state is incapable of providing an infrastructure as capital is dispersed. The discrepancies among raw materials, the processing industry, fuel for power and communications and transportation are aggravated. The use of capital is thus lowered and the development of the light textile industry and other processing industries will be affected in the long run. As regards the management of resources, the proportions of many vital resources which are under state allocation, are relatively small. The proportions of coal, steel, timber and cement are 55, 75, 57 and 32 percent respectively. The state's basic demand is not ensured. There exists a strange phenomenon that, on the one hand, the state has to import certain required resources while, on the other, some localities are looking to export such resources, including vital ones like cement. Furthermore, foreign exchange and enterprising management are too dispersed. All these should be appropriately centralized so that forces can be concentrated on organizing enterprises which are urgently required. We are not taking the road back, for we are advocating appropriate centralization, not going back to excessive centralization. Such centralization will be good for the entire economy and the people's long-term profits.

3. Upgrade planned quality and quantity and ensure that our macroeconomic policies make no big mistakes. A great problem exists as to how to make use of financial resources, manpower and material resources after they are centralized. That is to say, the planned policies have to be ensured. Only by doing so can the superiority of centralized economy and management be given full play. Otherwise, it will be worse than noncentralization, for any mistakes after centralization will incur huge losses. The roots of our past problems did not lie in centralization, but in mistakes in policy and guiding ideology. Can planned policies be ensured? Some comrades are sceptical about it. But I am not. My reasons: 1) There were times when policies were correct, for instance, the "one-five" period, the readjustment period in the 1960's and the past few years. The gradual improvement during the past few years has, undoubtedly, something to do with market regulation. But improvement is impossible if macroeconomic policies, such as cutting down our infrastructure, increasing the import of food staples, increasing the purchasing price of agricultural products and increasing investment in the light textile industry, are not ensured. 2) The existing guiding ideology of our economic work is more upright; in particular, many leading cadres are pragmatic and have gained rich experience. Therefore, it is groundless to say that centralization will make mistakes in leadership again. At present, we cannot guarantee that big mistakes can be avoided. The key is to set up a scientific management system. In doing so, we should first of all reform and replenish the existing science study institutions and correct their direction of study. Study work should be practical so that it can

solve actual problems. Meanwhile, it should be clearly stated that the proposals of national plans, the confirmation of major construction items, the selection of construction focal points and the making of major technological and economic policies should be established upon the basis of long-term scientific study and technological and economic demonstration. Before that, nobody should have a say in this matter. Moreover, a responsibility system has to be established. Those who make big mistakes should answer for them. Those who should be punished have to be punished and those who should be dismissed have to be dismissed. Maybe this is a good way to guard against those who are self-advertising and imprudent. Economic quotas should be set and perfected. A comprehensive series of economic and technological quotas for production, construction and circulation should be established step by step so that problems can be tracked down and so that such quotas are made easier for public supervision.

4. Protect the system of mandatory planned targets and the dignity of plans. In discussing system reform during the past few years, some comrades insisted on the abandonment of mandatory targets. They were of the opinion that macroeconomics and microeconomics could only be related by economic levers and means. If mandatory targets were maintained, the enterprises' enthusiasm could not be mobilized and the contradiction between production and sales could not be resolved. To them, complete reform meant control of production, supply, sales, manpower, finance and resources by enterprises themselves. Otherwise, it could only be regarded as improvement or transition. On this pretext, enterprises with a sense of selfish departmentalism and economics boycotted the state's planned mission and bargained groundlessly with the state. It is beyond doubt that planned economy should make good use of economic levers and means and should recognize enterprises' interests. In the past, attention paid to this area was not enough, it requires improvement. However, economic levers cannot be treated as a panacea. Practice has proved that certain contradictions, such as the contradiction between the present and long-term interests of the public, the contradiction between the selfish interests of enterprises, localities and departments and the overall interests of the state, cannot solely be resolved by economic levers for regulation. To a certain extent, the execution of mandatory targets is also required to resolve such contradictions. Only by doing so can the state ensure its key needs, affirm its effective leadership upon unplanned market regulation, maintain the stability of its economy and market price and avoid poverty, inflation and heavy debts.

By saying that we have to stick to the implementation of the system of mandatory targets, we do not mean that we will make arrangements without discrimination. Instead, we have to control certain aspects which have a close relationship with the balancing of the macroeconomy. Unlike past practices, we should no longer indiscriminately impose mandatory targets on certain major enterprises, items and products. In this way, we can manage well those which should be managed, release those which should be released and make mandatory targets practical. Socialist economy should be managed by men. Management should not be stopped just for the fear of possible mistakes incurred by mandatory targets. Consequences would be more ghastly if we let it follow its natural course.

5. Learn to use economic levers and means to serve planned economy conscientiously. Plans should not only involve targets, but also the means to achieve such planned targets. The achievement of such plans should not only hinge upon administrative means, but also on economic means. In the past, not much attention was paid to this. Consequently, products which the state planned to restrict were not restricted as their profits were too great; products which the state planned to develop were not developed as their profits were too little. Improvements were made in the past few years. However, there is still a long way to go. We are short of certain objective conditions. As a result, our use of economic levers is restricted. In addition, subjectively, quite a few comrades have become used to their old ways and are unfamiliar with the use of economic levers and means. Summing up the experience gained during the past few years, I believe that, first of all, we have to make sure that economic levers and means should serve planned economy under a socialist system. Not only the enterprises' interests and objective economic laws such as the law of value and distribution according to labor, but also social interests, the law of planned and proportionate development and the basic economic law of socialism should all be taken into account. Economic levers and means should serve to balance macroeconomics and should not become the tools of departments, localities or enterprises to make selfish profits. Moreover, they should be used conscientiously and in a planned way. That means that we have to strengthen them by including them in various plans, in particular, wage plans, price plans and financial plans. Furthermore, various economic levers have to be coordinated. If price levers are restricted by some objective conditions when solving certain problems, taxation can be considered. Finally, study and improvement should be made on our organizations. The authority of local and central banking, tax and price organizations should be clarified. Administrative departments at various levels should not intervene in the running of such organizations. Instead, they should let them run on their own as stipulated by their superiors in order to avoid indiscriminate intervention for selfish reasons. Meanwhile, departments using various economic levers should be in close coordination with planning departments. All great changes in economic policies have to be endorsed by planning departments so as to ensure that activities are going on in accordance with plans.

6. Stick to the development of market regulation under planned guidance and give full play to market regulation as a subsidiary. Denial of the effects of market regulation has been proved both in theory and practice to be incorrect. As social economy is complicated and ever changing, it is impossible for us to carry out direct plans on all economic activities. A large number of small enterprises and minor products have to rely on market regulation, which is indispensable in the realization of our socialist planned economy. Although it is spontaneous, it should be under the control of state plans. Therefore, it is not identical to capitalist market regulation. However, as the regulation is spontaneous, blindness may inevitably occur. We should not be fault-finding with such blindness. We have to analyze it instead. Since their supply exceeds demand, certain minor commodities are advantageous in starting competition, lowering production cost, improving their quality, extending their variety and further mobilizing the enterprises' enthusiasm. Since their products are minor, transformation of such

enterprises is more convenient. Therefore, the merits brought forth by their enthusiasm often outweigh blind losses. We should not be afraid of such blindness. However, serious blindness should, of course, be avoided. Furthermore, market regulations may create some side effects, including the capitalistic way of management and an undesirable atmosphere, which we should not be afraid of. We may solve or lessen such side effects if we strengthen our management and ideological work regarding politics. In sum, we should actively study and resolve the problems confronted. We should not take the road back just because we are afraid of confronting problems. Otherwise, our planned economy will be driven to a dead end.

In conclusion, we should stick to planned economy. On the one hand, we should study some ways to improve and perfect our planned management, to improve the planned quality and increase the planned quantity and to strike a comprehensive balance of economic plans; on the other, we should study some ways to give a healthier play to market regulation as a subsidiary, to learn to manage our economy in an economic way. We should stick to both ways. Neither way should be neglected.

(By the State Planning Commission, July 1982)

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'JINGJI YANJIU' ON UPGRADING WORKERS' SKILLS

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[Article by Cai Qian [5591 6870] of the Economics Department of Jilin University: "Some Technical Problems Regarding the Obsolescence and Upgrading of Workers' Skills"]

[Text] The obsolescence and upgrading of workers' skills represent a very important economic movement, and whether this movement can be realized has a direct influence on the development of social productivity. Constant obsolescence and upgrading of workers' skills means that the level of development of social productivity is growing each day. On the other hand, it means that productivity is yet to be fully developed. Therefore, we must pay attention to investigating the obsolescence and upgrading of workers' skills. In addition, it is only when we are able to study theoretically the law of obsolescence and upgrading of workers' skills that we will be able to follow this law and solve in time the actual problems in the development of technology and, consequently, quicken our socialist modernization program. In order to probe into this question, I put forth my following initial views for discussion with comrades in the theoretical sector.

The Law of Obsolescence and Upgrading of Workers' Skills

In the process of people's efforts to conquer nature, structural changes in the material force of productivity naturally give rise to the obsolescence and upgrading of workers' skills. When the production of the existing departments in society continues to develop, it means that those working in these departments are marching into the depth of nature and that their material force for conquering nature consequently grows. As a force for conquering nature, social productivity is composed of two natural forces. One is the labor force of the people themselves, and the other is the natural force that is controlled and utilized by people. In the process of the development of social productivity, the growth of people's labor force is limited. The reason that social productivity is able to grow rapidly is because people mainly rely on the drastic growth of the natural force which is under their control and is utilized by them. In order to control and make use of new natural forces in a bigger way, it is imperative that laborers be enabled to constantly change and develop their skills and methods in their conquest of nature. The skills originally grasped as a method for conquering nature

will constantly become obsolete and will consequently be replaced by new ones. As a result, there has appeared the movement of the obsolescence and upgrading of workers' skills. When the laborers of the existing departments in society are marching into the depth of nature, they will be able to control and make use of more and new natural forces to save their own labor force. Thus, the labor force that is saved can be used in setting up new production departments and enterprises so as to march into the natural sectors that are yet to be tapped. The establishment of new production departments requires that new natural forces be controlled and used. Consequently, there will appear a series of new technologies and methods to conquer nature. The workers who joined the newly established departments can no longer use the skills they have mastered in their former departments; they have to study new technology. This situation also represents a movement of the obsolescence and upgrading of workers' skills. Therefore, as people are marching into the depth and breadth of nature, the structure of the material force of productivity will constantly change, causing the obsolescence and upgrading of workers' skills.

The obsolescence and upgrading of workers' skills belong to social activities. Labor skills of individual enterprises and workers that no longer accord with the necessities in the development of production cannot be regarded as obsolescent. It is only when the skills of most workers in social production departments become no longer applicable and have to be replaced by new skills that the obsolescence and upgrading of workers' skills become a movement. The upgrading of labor skills does not mean the replacement of the labor skills with the newly invented ones; such upgrading refers to replacement by new skills which have the necessary conditions for being popularized. Newly invented technology is not complete in its initial stage; it will gradually become complete through constant improvement and will be used to replace obsolescent technology when it develops into the stage in which it can be gradually used in social production. When a new technology still does not have the conditions for being widely used and the original skills grasped by workers are still often used in social production, such skills are not obsoleted. The process of upgrading of skills is basically completed when the obsolescent skills of most workers in social production departments are replaced by new ones. Therefore, it can be seen that a wide application of new skills represents the obsolescence of skills while the replacement of labor skills by new skills represents a completion of the upgrading of skills.

The movement of the obsolescence and upgrading of workers' skills is carried out continuously but cannot be carried out constantly; it can only be carried out at stages and periodically. This is because following the replacement of obsolescent labor skills by new labor skills, the latter will not soon become obsolescent, to be replaced by more advanced skills. The new labor skills will be used in production for quite a long period. The interval between the first movement of the upgrading of skills and the second movement forms a cycle in the replacement of labor skills by new skills. The span of this cycle is affected by the relationships of production, superstructure and various other factors of the productivity itself. The following are analyses of these factors which affect the cycle of the upgrading of labor skills in the process of the development of productivity.

1. The time needed for the emergence, improvement and popularization of new labor skills will directly determine the cyclical span of the upgrading of labor skills. A cycle in the obsolescence and upgrading of labor skills means that more advanced technologies are popularized in social production.

2. Renewal of technical equipment has a relatively big influence on the cycle of the obsolescence and upgrading of workers' skills. In general, there are two types of technical equipment renewal. The first type is that technical and production equipment is renewed under the condition in which the technology of the equipment remains unchanged. Such renewal keeps technical situations unchanged. Another type is that both the equipment and technology are replaced by equipment with more advanced technology. The latter renewal affects the cycle of obsolescence and upgrading of labor skills. As the new technology and equipment differ from the old equipment that has already worn out, the operating skills of the workers using the new equipment must also be changed. Therefore, the cycle of such renewal of equipment will eventually affect the cycle of the obsolescence and upgrading of workers' skills.

3. Upgrading of products will also affect the cycle of the obsolescence and upgrading of workers' skills. It is often that such upgrading demands that the structure of the products be changed and new raw materials, new technology and new equipment used. On the part of workers, they have to grasp new skills so as to be able to operate new equipment, use new technology and process new raw materials. In this situation, the cycle of the obsolescence and upgrading of workers' skills is related with the cycle of the upgrading of products and is conditioned by the cycle of product upgrading.

4. The improvement of technology also has a relatively big influence on the obsolescence and upgrading of workers' skills. The transformation of technical equipment is often accompanied by the improvement of technology and, as a result, part of the workers will be laid off. These workers have to take new jobs, discard the labor skills they had grasped earlier and learn new skills.

The movement of the obsolescence and upgrading of workers' skills will enable workers to accumulate skills, and such accumulation will quicken the upgrading of their skills. The movement of the obsolescence and upgrading of workers' skills will affect labor skills in two aspects. On the one hand, the obsolescence and upgrading of technology will temporarily leave the skills of workers unable to meet the need of the new technology. As workers have to put away the skills they are familiar with and learn new skills which are strange to them, their mental and physical capability cannot consequently meet the need of the new technology for a time. According to Marx, this situation gives rise to "friction." (Marx: "Capital," Vol 1, the People's Publishing House, 1975 edition, p 57). On the other hand, although the skills which the workers have earlier mastered have become idle, they still remain in the memory of workers as technology. At the same time, workers continue to master new skills and, consequently, will be able to accumulate more skills. Of the two aspects of influence, the latter has a guiding

side. Accumulation of skills naturally helps train and improve workers' mental and physical abilities. As workers are able to constantly keep both new and obsolescent skills, they will consequently be able to remember, understand and use these skills. That is to say, they will be able to resort to their organs of physical labor and operate in accordance with these skills to improve the flexibility of both their mental capability and the capability of their mental labor functions. The more skills are accumulated by workers, the broader the workers' scientific, technical knowledge will become: and the more diversified the skills of operation, the more clever they will become. Consequently, they will be able to master new technology even quicker and to operate equipment with higher efficiency. As a result, they will also be able to upgrade their skills quicker.

There are various laws of the obsolescence and upgrading of workers' skills and the above-mentioned are only part of these laws. Many other laws must be constantly discovered and studied.

The Roles of the Obsolescence and Upgrading of Workers' Skills

The roles of the laws of the obsolescence and upgrading of workers' skills cover many aspects. The following are some of the main roles:

1. The movement of the obsolescence and upgrading of workers' skills will constantly improve the average of social labor skills. In social production, the skills of workers in general have the three features of backward labor skills, advanced labor skills and average social labor skills at an intermediate level. Backward labor skills are outdated skills which have already been abandoned and which have long been discarded by most workers in social production. Advanced labor skills are the new skills, which are higher than average social skills, and before the emergence of the conditions for their popularization, these advanced skills are mastered only by a few workers in society. Average social labor skills refers to the medium-level labor skills which are mastered and used by most workers in social production, while the "obsolescence" and "upgrading" of skills refer to these skills. The obsolescence and upgrading of workers' skills refer to the average social labor skills which are used by most workers but are not in line with the necessities in the development of production and which are replaced by the new and more advanced average social labor skills. Each cycle of the obsolescence and upgrading of workers' skills will further develop average social labor skills, moving this to a higher level. With constantly emerging cycles of the upgrading of labor skills, the level of average social labor skills which are mastered by workers will become higher and higher. As people are able to use the improving average social labor skills to study the law of nature, they will eventually be able to discover new laws and invent new technology in a shorter time.

2. Under the situation in which the development of production technology among regions is unbalanced, the cycle of the movement of the obsolescence and upgrading of labor skills tends to gradually balance the technical difference among regions. As the development of production among regions is unbalanced, there consequently exists certain technical differences.

Therefore, it is impossible to have a unified average social technical standard. Instead, various regions have their own average technical standards. As both advanced and backward regions have their average technical standard, there has eventually emerged a labor-type average social technical standard which covers both the advanced and backward regions. The obsolescence and upgrading of workers' skills are carried out on the basis of average social technical standard. With the existence of a ladder-type average social technical standard, workers in various regions carry out technical renewal according to the average technical standard of each region. Consequently, the obsolescence and upgrading of workers' skills among various regions also form a ladder-type movement.

Under general situations, it is inevitable that labor skills among various regions develop in an unbalanced manner. If the technical level among various regions does not differ from one another, there will not exist the ladder-type movement as mentioned above. It is only when the technical level of various regions differs very much from one another that the movement of ladder-type technical renewal will happen. This movement will narrow down the difference among the regions. In addition, through constant movement of the obsolescence and upgrading of workers' skills, the skills of the workers in backward regions will gradually catch up with the technical level of the advanced regions and, as a result, the average level of labor skills of the whole of society will have a standard that is almost unified.

3. In the process of the obsolescence and upgrading of workers' skills and because of constant changes in labor skills, the mental labor skills of workers are developing while physical labor skills are gradually becoming simpler. This is because the development of production technology includes the two aspects of material skills and labor skills. Material skills include the skills of such materials as labor tools, labor conditions and targets of labor while labor skills refer to the skills of workers in grasping and using technology. Material skills are used in controlling and making use of nature. The more developed the skills become, the bigger their capability to control nature will be. Under this condition, material skills are in a position to replace physical labor and, to a greater extent, to decrease the labor force. But to make and use sophisticated and highly efficient material technical equipment, it is imperative that workers have advanced knowledge and skills. That is to say, workers' mental labor skills must be constantly improved. Therefore, in the movement of the obsolescence and upgrading of workers' skills, material skills develop simultaneously with labor skills. Mental labor skills will develop along with the development of material skills and, consequently, physical labor skills will become simpler.

In "Capital," Marx analyzed the simplification of the skills of workers following the emergency of production by big machinery. He pointed out that the division of labor within the machinery system has confined workers in fixed and certain simple working positions where they are carrying out repetitious and simple labor operations. This situation represents a trend in the obsolescence and upgrading of workers' skills. But what Marx meant was simply physical labor skills, not all other labor skills or mental labor skills. Marx lived in an era in which mechanical production began to emerge.

At that time, the role of mental labor was gradually expanding while physical labor skills were tending to become simpler. Consequently, he mainly analyzed the relationships between the simplification of workers' physical labor skills and capitalist exploitation to expose the fact that simplification of physical labor skills deepens the exploitation of workers.

4. The movement of the obsolescence and upgrading of workers' skills also represents the simplification of productive physical labor skills and the development of physical labor skills serving production. In the movement of the obsolescence and upgrading of workers' skills and when the natural force under the control of material technical equipment is gradually replacing productive physical labor, material technical equipment becomes more precise and complicated. Therefore, it is necessary to constantly strengthen the maintenance of equipment. Maintenance work is supportive productive labor which does not directly take part in the making of material products. In this way, physical labor skills serving production also develop. When social productivity is developing into a higher stage, the movement of the obsolescence and upgrading of labor skills is in a better position to promote the development of physical labor skills serving production. When productivity is still in a lower stage of development and material skills are not advanced, the role displayed by the obsolescence and upgrading of labor skills in promoting the development of physical labor skills serving production is not apparent. This is because direct producers usually are also responsible for the maintenance of equipment, while physical labor skills serving production are often merged with productive physical labor skills. Therefore, the former also belong to productive physical labor.

The Problems of the Obsolescence and Upgrading of Workers' Skills in the Development of the Economy of Our Country

In the past, economics circles in our country studied very little about the obsolescence and upgrading of workers' skills, and it was just a few years ago that we began to pay attention to this question, but no matter whether people have paid attention or not, the obsolescence and upgrading of workers' skills have always represented a necessary existence and development of the laboring people of our country in their effort to march into the breadth and depth of nature. In the process of emancipating productivity following the founding of new China, the people of our country began to spare no efforts to develop the existing production departments, such as light industry, textile industry and agriculture, in a bid to march into the breadth and depth of nature. During this period, the existing small enterprises with backward technology were merged into bigger enterprises. The mechanical equipment of these enterprises was improved; the workers who used such equipment have also upgraded their labor skills. During the period of realizing several 5-year plans for economic construction, the people of our country marched into the breadth of nature and we set up a great number of new production departments, such as automobile industry, aircraft industry, shipbuilding industry, machine building industry, steel industry and chemical industry, to employ a great many peasants, handicraft workers and workers from light industry and textile industry. The skills that were originally mastered by these workers no longer accorded with the requirements of these

departments and these workers had to learn and master new skills. Under the situation in which material technical equipment remains unchanged, there also emerges the obsolescence and upgrading of skills because of the change of workers' labor operation technology. For example, in the 1950's, our cotton textile industrial departments popularized the Hao Jianxiu operation method to replace obsolescent operation methods without changing spinning equipment. Another example: The "five-one weaving method" was introduced just by changing the previous weaving method without basically changing the equipment.

Situations over the past three decades showed that the movement of the obsolescence and upgrading of workers' skills in our country has some features. First, the cycle of the obsolescence and upgrading of workers' skills is relatively long. The skills of workers in some departments were upgraded in an early period of the 1950's but they remained unchanged for quite a long period. This situation was later termed the "10-year set system" and the "15-year set system." Second, the pace of the obsolescence and upgrading of workers' skills is slow. Some newly developed labor skills are not popularized and used for a certain period. Some workers are slow at learning and mastering new skills and fail to have mastered the skills even a long time later. Third, in most cases, the upgrading of labor skills is caused by the renewal of equipment, while the cases in which the upgrading of skills is caused by the development of the skills of workers themselves are only a few. These features do not represent the general law of the obsolescence and upgrading of workers' skills because they are caused by particular social situations of our country. The level of productivity of our country is low, people are relatively slow in finding and understanding natural law and in creating, popularizing and using new technology. Meanwhile, the cycle of the upgrading of technology is longer. In addition, the interference of the "gang of four" and "leftist" ideological influences have caused damages to our economic construction. As a result, the pace of the obsolescence and upgrading of workers' skills has become slower and with a longer cycle.

Further understanding is needed for some questions raised in the process of the obsolescence and upgrading of workers' skills of our country. Following are some views on the main questions:

1. The renewal of material technical equipment and the upgrading of workers' skills are interrelated and condition each other. These two aspects cannot be treated equally or lopsidedly. Some people paid attention to the renewal of material technology but neglected the upgrading of the skills of workers. To them, it seemed that as long as they were able to renew equipment, the upgrading of workers' skills would naturally be resolved. This view, in fact, puts the two different forms of technical upgrading in the same position. To regard the renewal of material equipment as being the same with the upgrading of workers' skills is, in fact, to abolish the upgrading of labor skills. If such a view is used in guiding work, the skills of workers will remain obsolescent and such skills will not accord with the technical situations of material technical equipment. These two aspects, consequently, will not coordinate and they will constitute a big obstacle in the development of production.

2. Consideration must be given to upgrading both physical labor skills and mental labor skills. We can in no way pay attention to physical labor skills and neglect mental labor skills. The skills mastered by each worker include the skills of physical labor and mental labor but with emphasis on one of them. The general trend in the development of the obsolescence and upgrading of workers' skills is that the mental labor skills mastered by workers are increasing and becoming more complicated while physical labor skills are becoming less and simpler.

The above-mentioned development trend exists in any period of any society but the appearance of this method is different because of different production conditions of different societies. Social productivity in our country is relatively low while handicraft labor skills exist abundantly. Therefore, the above-mentioned trend is far from apparent. Viewed from the surface of society, it seems that the development of physical labor skills represents the general trend of movement. In the past, some people based themselves on this view and regarded physical labor skills, such as the activities of scientific research and engineering technology, as labor skills that bore no importance. Consequently, they regarded such labor skills as subordinate. This view represents the lopsided view of backward individual handicraft workers in our country. We can in no way use the present intermediate situation to replace the long-term development trend, nor can we regard the development trend of the obsolescence and upgrading of labor skills under backward production conditions as the development trend of the obsolescence and upgrading of labor skills under modern production conditions.

3. The upgrading of workers' skills includes the two development stages of learning and using skills and mastering the skills. If workers are able to use but not master skills, they will not be able to realize the movement of the obsolescence and upgrading of labor skills. In the process of mastering skills, workers will eventually go through the stage of development from being unskilled to gradually becoming able to use new technology and master it. It is only through constant practice that workers' operation activities will gradually accord with the movement of production equipment and these workers will be able to meet the need of the operation activities in processing the targets of labor. It is only under this situation that we can say that individual workers have mastered new technology. Viewed from the point of society, the more the practice of labor, the more workers will be able to reach medium-level skills to grasp and use new technology. It means that taken as a whole society, the skills of workers in mastering technology have already reached average social skills and this means that an upgrading of labor skills has been realized socially. Some people only paid attention to learning and using new technology and neglected how to use it skillfully. To some people, it seems that once they have learned and used some new technology, they are able to use it skillfully. This view does not accord with objective law.

4. In the movement of the obsolescence and upgrading of labor skills, technology is becoming more and more complicated. The more complicated the technology becomes, the more necessary it will be for workers to master technology through special training. In a society where productivity is low and

because of simple labor skills, workers will be able to learn and use new technology and use it skillfully in the process of their work. Under modern production, labor skills become complicated and it is ineffective for workers to learn technology through their work. Therefore, in order to learn new technology, it is imperative that workers receive special training through the method of releasing them from their work. To give special training to workers to learn complicated technology will help them learn the technology more quickly and, as a result, they will be able to master new skills more accurately. In realizing the modernization program in our country, it is also difficult for workers to learn complicated technology in their work. Workers must proceed from their specific conditions and receive training using methods different from those of the past, which were used under particular conditions.

5. It is necessary to set up workers' educational organizations so as to form an educational system. The present number of workers' educational organizations in our country is limited and these organizations are scattered. Therefore, they are not in a position to shoulder the task of training workers. In the early 1950's, workers' educational organizations, such as evening colleges and spare time schools, were set up in a number of places in our country for training workers. But most of the workers who attended such schools were not released from their regular work. Most were also studying culture and not technology. Most such schools were of the primary and not the secondary level; later, all were closed. However, measures have been taken over the past few years to rehabilitate and develop workers' education. But our workers' education in the past has suspended on several occasions. Therefore, in order to be able to persist in such education, it is imperative to deepen our understanding of such education. Some people held that to enable workers to study by releasing them from their work would weaken productivity; therefore, workers' education would cause losses rather than gains. In fact, objective reality is contrary to this view. To give workers specialized training will improve productivity, and by carrying out such education, we will gain rather than lose. When a number of workers are released from their work for studying technology, the work force that is used in production no doubt will decrease and the productivity of material power structure will also weaken. But if the workers are not released from production and, instead, carry out their work by using obsolescent skills, productivity itself will consequently become stagnant and will consequently be weakened too. But when the workers who are released from their work have been able to study new technology and skillfully use the new technology in production, they form a stronger productivity which is in a position to make up for the loss caused by their absence from their work during their study. Such productivity also plays much greater roles than the productivity of the previous technical situations. Therefore, workers' education must be carried out in a big way. It must also be carried out systematically, coupled with the formation and development of a workers' educational system. The division of work of labor skills determines the existence of technical relationships among workers, enterprises and departments; the difference of the degree of technical complexity determines that preliminary technology, intermediate technology and advanced technology condition each other. Accordingly, workers' educational organizations that are responsible for training workers

must also divide work and establish contact with each other so as to form a complete workers' educational system. In this situation, workers will be able to learn various differing technologies and, consequently, it will be possible to realize the obsolescence and upgrading of workers' skills in the whole society. If we fail to form a complete workers' educational system, some workers will not have opportunities to receive specialized training and to view things from the point of the whole society. Workers' skills in grasping technology are unbalanced. If a complete workers' educational system is not formed, the organization of productivity will be out of balance and the development of social production will be damaged.

6. It is a premise for the obsolescence and upgrading of workers' skills that young workers must learn technology before they are employed. But the on-the-job apprentice training method must no longer be used in training young workers in modern and complicated technology; young workers must be trained in technical schools. When these workers reach certain ages, they still represent a naturally developed labor force; they are still not in a position to grasp the necessary labor skills and they still cannot form an important factor of productivity. They must be trained to grasp the necessary labor skills before they become an important factor of productivity in the process of production. Otherwise, these young workers will fail to coordinate with other factors of productivity and, consequently, will represent a blank in the process of obsolescence and upgrading of workers' skills to affect technical upgrading. Therefore, it is imperative that young workers be given technical training prior to employment.

The form to be taken in training young workers is determined by the extent of technical development. When labor skills are becoming more complicated, it is all the more necessary to educate young workers through technical schools. Presently, our country does not pay attention to giving technical education to young workers before their employment, while training after employment is given in the form of the apprentice training method, which is far from meeting the need of the renewal of modern technology. The apprentice training method is popular in training young workers in simple skills, with handicraft labor skills as the main. According to the apprentice training method, it is often that the operation skills passed on to young workers by master workers are only the experiences of the latter. Therefore, the skills passed on lack technical scientific knowledge and systematic technical knowledge. In the process of passing skills on to young workers, these young workers are watching how master workers operate, without systematic teaching and scientific analyses of technology. The workers trained through this method will not be able to meet the needs in the development of modern technology. Our country was subject to a particularly long period of the rule by the feudal system and the apprentice training system has left a very deep influence in people's minds. Some people still regard this training method as "ideal" for training young workers. But today this method must be changed. Marx once analyzed the features of technology when he said: "Technology has exposed the few basic forms of movement; no matter how complicated the tools that are being used, all production activities of the human body are naturally carried out within these forms." (Ibid, Vol 1, p 533). The task of technical schools is to educate the young generation to

gain scientific and technical knowledge. In addition, schools use the scientific educational method; the teaching program is worked out according to the goal of education, coupled with setting up various necessary courses. All these accord with the law of understanding things about the education of young workers. Marx pointed out that technical schools, agricultural schools and vocational schools have naturally developed so as to accord with large-scale industrial reform. (Ibid, Vol 1, p 535). In our country, young workers must also be trained in technical schools and we can no longer use the apprentice training method.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ARTICLE ON COMMODITIES

HK041456 Beijing JINGJI YANJIU in Chinese No 9, 20 Sep 82, pp 20-24

[Article by Huang Chengzhi [7806 2052 5347] and Lu Shankui [7120 0810 1145] of the First Bureau of Commerce of Shanghai: "Tailoring Commodities to Needs Is the Key to the Promotion of Economic Results in Commerce"]

[Text] Commerce is an economic department handling the circulation of commodities. Its economic results are obtained in the course of the circulation of commodities, where a comparison is made between the capital utilized, the circulation expenses consumed and the commodity circulation results achieved. Here, the circulation results include not only the target which marks the extent of fulfillment of the people's needs--the sales volume of the commodities--but also the profit rate of the operation of the enterprises. Therefore, the promotion of economic results in commerce must be realized through utilizing the least amount of capital and the least amount of circulation expenses and obtaining the highest rate of commodity sales volume and profits of the enterprises. Since the founding of the people's republic, with the increase of industrial and agricultural production and the enhancement of social purchasing power, sales volume in the commercial departments has registered a very big increase. In 1981, the retail volume of the social commodities of the whole country reached an amount 5.7 times more than that in 1953, that is, an average rate of yearly increase of 7.03 percent, which played an active role in satisfying the needs of the people. But in the light of all-round commercial economic results, the situation was not quite up to expectations, and there existed many deficiencies, among which a rather serious problem being that the amount of capital utilized was too great and circulation was too slow. According to statistics, in all the units under the Ministry of Commerce, the average yearly capital circulation in 1981 was only 1.85 rounds, which was lower than the 2.18 rounds in 1980. Aside from the fact that circulation speed was affected by the vast expanse of land, the underdevelopment of communications, the insufficient deployment of the commercial networks and centers and the stagnation of circulation, the most important cause was that the commodities which entered the field of circulation and which circulated between the various links in the field of circulation, were produced and handled without resolutely implementing the principle of production based on actual needs and purchases based on sales prospects, and without properly tailoring commodities to the needs of society with respect to quality, styles, types and a certain quantity limit. Take,

for example, the industrial products marketed by the First Bureau of Commerce of Shanghai. When the year 1981 was compared with the year 1965, the total value of transfers and sales increased by 196 percent, an average yearly increase of 7 percent, and the floating capital utilized increased by 208 percent, an average yearly increase of 7.3 percent. Thus, circulation speed slowed down; average circulation was 6.93 rounds in 1965, and average circulation was 6.67 rounds in 1981, a decrease of 0.26 rounds. According to incomplete statistics, at the end of 1981, the units under our bureau recorded a small sales volume but a big storage volume, with the dull and overstocked goods reaching an amount of 548 million yuan, 20.4 percent of the storage total. Too much capital was utilized in the overstocking and storage of merchandise in the commercial enterprises, with the serious results that on the one hand, the construction funds needed by the state were inappropriately used, the warehouses could not take in more goods than was needed, the expenditure in the commercial sector increased and the economic results of the enterprises were not good; on the other hand, the stored commodities would in time become old fashioned and damaged, unable to meet the needs of the people and resulting in reduced prices and lowering the social economic results.

As far as industrial products are concerned, the proper orientation of the production of commodities, the speed of circulation and the effect of economic results depend primarily on three factors. The first factor is whether the relationship of production and sales can be virtually converted to the track of production based on needs; the second is whether the channels of circulation can remain unblocked; and the third is whether the information feedback is sensitive and timely.

In order to solve the above three problems, realize the proper orientation of the production of commodities and promote economic results, we hold that we must correctly handle the relationship between the following three areas and do a good job in three kinds of coordination:

I. The Relationship of Coordination Between Industry and Commerce

1. The system of linking production and sales must be established, with the planned economy as the main guide. Based on the degree of importance of different commodities to the needs of the state and the people, the state practices different methods of management. Various forms of purchase and sales should be practiced between industry and commerce, such as unified purchase and sales, planned purchase, ordering, selected purchase and others. But for all kinds of commodities, the industrial production and commercial purchase should be conducted within the permitted extent of the state plan, and the enterprises themselves should also formulate their own marketing targets. The systems for linking production and sales should be different for different commodities. As for the commodities under unified purchase and sales or planned purchase, the quantity should be determined with reference to the state's yearly plan, and the styles and specifications should be determined according to the seasonal needs of the market in succession. As for the ordering and selected purchase of commodities, the organizations in industry and commerce should exchange views in advance regarding the

orientation of the production and sales arrangement, or reference targets may be issued jointly by the industrial and commercial leading bodies. The concrete quantity, types, specifications and styles should be based on seasonal needs and in succession. For those types, specifications and styles that have already achieved the seasonal link-up, if there are marked fluctuations on the market, both sides should consult with each other and make the necessary modifications so as to cater to the actual needs. The method of the link-up should best be conducted on the basis of "agreement at the superior level and contract at the inferior level" (that is, agreements signed between the commercial purchasing station and the industrial companies and contracts signed between the specialized section and the productive factory). As for the procedures of the link-up, 45 days before the seasonal marketing, the quantity and the approximate types, styles and specifications should be fixed between the industrial and the commercial authorities; the industrial sector should be invited to take part in the meetings for the supply of commodities so as to make the industrial sector realize the actual situation of the market and correspondingly adjust the quality details and even the quantity; then the contract for production and sales can be signed with the effect that the responsibilities and obligations of both parties concerned are clarified. This will do good for the organization of production based on the needs of society and for both the purchases and sales.

2. The reaction of circulation on production should be brought into play. First, we must allow full play to the function of commerce, which has a direct connection with consumption and which is sensitive to the information of the market. We must also carry out serious investigations and studies in order that we can do a good job in market forecasting and in providing an orientation of development for industrial production. Second, commerce must exercise the function of supervision over the quality of products so as to prompt industry to produce fine quality products. History has given us explicit experience and lessons regarding the fact that the assignment of specialized supervisory units and staff for checking the quality of products would facilitate the promotion of industry and the protection of the consumers' benefits. Of course, the supervision of quality does not mean the passive refusal to accept substandard products, and it should provide some active assistance, such as those effective measures which include the collection of superior quality products both at home and abroad for the purpose of comparison and exhibition, the exchange of experiences between factories and so on. In addition, we should allow full play to the function of a go-between by commerce, which has very extensive contacts, so as to help industry organize the supply of raw materials, introduce pertinent equipment and technology and recommend cooperation and link-up measures in production. In this way, industry can be helped to carry out production according to needs.

3. Various forms of association between industry and commerce should be developed. The economic results of industry and commerce should normally be "of the same direction" and identical, but because they have their own accounts and hold different views regarding the needs of the market, the "confrontational contradiction" gradually comes into being. It is of great

significance to develop the association of commerce and industry, to coordinate their benefits and views and to make them produce suitable products with the purpose of enhancing the social economic results. In Shanghai, the association of commerce and industry has adopted different forms at different stages. The main forms are: joint investigations and studies, joint display and sales and visiting sales, joint examinations and inspections, and joint arrangement for the production of certain types of articles. Of late, joint industrial and commercial operations have been tentatively implemented in certain industries, such as the paper-making industry, and initial results have been achieved. From now on, more forms of association of commerce and industry should be developed, with emphasis on production based on actual needs, so as to expand production and increase the sources of commodities and to promote the economic results of both industry and commerce.

II. The Relationship of Coordination Between Different Regions

1. We should adhere to the supply system of the integration of planned distribution and free purchase. In the course of the circulation of commodities, planned distribution should not be set against free purchase. The planned types of commodities and quantity should be distributed on schedule, but as to the pattern and varieties, free purchase should be allowed so as to tailor commodities to actual needs. Patterns and varieties should not be compulsorily included in the sphere of planned distribution in order to eliminate the result that production of commodities artificially disregards actual needs. With regard to unplanned [words indistinct], generally all the quantities, types, styles, [words indistinct] should be freely purchased, but for those items which are in short supply but are in great demand and which bear a close relationship with the life of the people, quantities should also be rationally distributed so that the market can be properly arranged.

Regarding the planned commodities and the specialized balanced commodities, for a long time the supply meetings usually practiced the system of the integration of distribution from top to bottom and selected purchase from bottom to top, which was an effective measure to guarantee the right tailoring of commodities to actual needs. At present, in order to give full play to the function of selected purchase, some areas of production have tentatively held specialized supply meetings for a single category of commodity, meetings attended by the specialized marketing personnel for direct selection and purchase, with the result that production and sales are coordinated, commodities become more suitable, circulation improves greatly and economic results are promoted. If these meetings can be organized by the specialized general bureaus of the Ministry of Commerce, or be jointly held by several principal areas of production, then the buyers would not have to run about for goods, the situation estimation and forecast and the evaluation of quality can be conducted right at the meetings, and the coordination for the production and sales between regions can be properly arranged. The integration of professional supply meetings with specialized commodity supply meetings is a new method of development for the system of supply meetings under the new circumstances.

2. The circulation of commodities with more channels and less links should be actively developed. In the past, for the circulation of commodities there existed very few channels but too many links, a situation which was aggravated by the restrictions imposed by the authorities of various regions, cities or rural areas, systems and different administrative levels, with the result that the commodities were not well tailored and the enhancement of economic results was hampered. This kind of commodity circulation system should give way to a new system with more channels, less links and minimum restrictions. As for planned commodities, the distribution of quantities should still be conducted in accordance with different systems and administrative levels, but selected purchase for the styles or varieties should be permitted to jump over the normal administrative level. At the same time, efforts should be made to dispatch goods directly to the base units so as to avoid the roundabout way of distribution which results in styles and varieties becoming outdated. As for general commodities, on condition that the economy is rational, buyers should be allowed to choose what they want and suppliers should handle the transactions in order of importance. The supply should give preference to the secondary stations in various places, and then to the tertiary stations and shops. From the point of promoting circulation and facilitating consumption, commodities should also be supplied in an open manner to those units which market the commodities under two different systems (for instance, the shops of the native products and sundry goods trade market the enamelware and plastics products at the same time). Regarding those commodities which incorporate ever-changing styles and varieties or very small quantities, with an eye to the social economic results, the system of small commodity with roundabout circulation should be eliminated, and some flexible channels of circulation should be adopted to facilitate the suitability of the commodities--these channels include self-marketing by the industrial units themselves, sales representation by the small commodity market, and wholesale and retail sales handled by the same unit, and so on.

After the development of multi-channeled circulation, will the law governing the circulation of commodities become chaotic? After all, the law governing the circulation of commodities is not in a state of stagnancy. Because of the difference of economic development and self-sufficiency of the industrial products in different places, the requirements for the input of commodities are bound to vary. The present problem is precisely to disregard these variations and "last year's calendar," and a new and natural law of circulation should be formed by means of creating more channels of circulation. In order to cope with this new situation for circulation the establishment of the relationship of medium- and long-term cooperation in some areas will do good for stabilizing production and sales and facilitating the suitability of the commodities. The forms and details of cooperation may be different, with proper reference to the different characteristics of the less productive areas, the productive areas and the collecting and distributing areas. Special attention should be paid to cooperation with the collecting and distributing areas so as to lay a good foundation for setting up networks of circulation in the future.

1. The viewpoint of the buyers' market should be established, and the service of "three sales" should be done well. Because of the scarcity of commodities, the viewpoint of the sellers' market has been prominent for a long time. This has lowered the quality of service of the supply units. The viewpoint of the buyers' market should be established so as to enhance the quality of service. Before sales, publicity work should be done to introduce the characteristics of the commodities and the goods on display should be well arranged so that the customers can have a good look at the commodities they are going to buy. The selection and purchase of the commodities will thus be facilitated. When the transaction is concluded, the supply contract should specify in detail all the styles and varieties without any ambiguities; the process of transaction should be democratized, and no arbitrary addition of substandard goods to the standard goods should be practiced. Dispatch of goods should be regular in time and balanced, the execution of the contract should be legalized, and economic responsibility should be dealt with seriously. After the sale, comments should be gathered in an active way, substandard articles and omitted parts should be dealt with promptly, the exchange of surplus or insufficient goods should be assisted, and for those commodities which are for long-term usage and require technical know-how in their operation, relevant instructions should be given and spare parts and components should be supplied in time.

III. The Relationship of Internal Coordination

1. The internal mechanism arrangement and labor grouping should be based on the integration of purchases and sales. Purchases and sales are two closely associated work links to tailor commodities to actual needs. If the purchase is done right but the sales work is poor, the market still cannot obtain suitable goods, and the economic results of the enterprise are certainly affected. On the other hand, if the sales work is good, then the purchased goods will get suitable outlets and the economic results will be improved. Therefore, the internal mechanism arrangement and labor grouping within the enterprises should be based on the integration of purchases and sales. Since the 1950's, the arrangement of Shanghai's purchasing and supply stations and specialized sections has been established on this basis. Practice has proved that this form of labor grouping is beneficial to the suitability of commodities, the promotion of purchases and sales and the improvement of results. But for a long time, because of the insufficiency of commodities to meet demand and the lack of all-round understanding of the "three significant viewpoints," with emphasis one-sidedly on the concept of "production is the root," the wholesale business has always placed its efforts on purchasing work and, to a certain extent, made light of supply work, making it impossible for the form of organization combining purchase with supply to do a good job in their work. From now on, the understanding of the purpose of production must be enhanced, the understanding of the social economic results must be raised and the work of supply and sales must be given the important position it ought to have.

2. The system of management for purchases and sales must facilitate the suitability of commodities. Tailoring commodities to actual needs is a target in marketing. Around this target should be formulated the necessary plans,

contracts and other decisions. In the course of executing these decisions, the information feedback must be obtained and controlled so that directives for adjustment can be issued, making the process of execution process continuously toward the market target to achieve the set target. Tracing decisions can be adopted if necessary, so that the current requirement in marketing can be satisfied. This principle of cybernetics should be applied to the management of the purchase and sales activities in commerce. The management of the purchase and sales activities is, in effect, the acquisition of the information feedback and the control of the process of execution.

Take stock purchases, for instance. The progress of execution of the stocking plan and contracts should be frequently examined and analyzed. If progress is slow, the cause in production should be investigated and assistance should be rendered, or the production can be converted to other varieties after consultation. If progress is fast, investigations regarding the potential of the production should be studied so as to prompt industry to produce more commodities which can cater to the needs of the market.

Take the management of supply, for instance. The increase or reduction and the execution of the contracts should be examined frequently. The cause for replenishing or returning merchandise should be analyzed so that trends can be predicted and the information feedback can be transmitted to the stock department and the decision-making department, which should decide whether or not tracing decisions should be adopted. Regarding the schedule of our execution of contracts, supervision should be conducted at fixed intervals so that the execution can be carried out seriously and evenly. Especially for those seasonal commodities, the stocking and the transportation departments should be prompted to make their purchases and arrangements for transportation in time.

Take the management of the capital, for instance. Commodities should be classified and managed based on their classification, for those suitable and easy to sell commodities, the supply of capital should be "given the green light" and the power of above-quota purchases should be appropriately given to the lower levels. For those general commodities, the supply of capital should be based on plans and contracts, and the above-quota purchase should be examined and approved beforehand. For those dull commodities, the quantity and the schedule should be strictly controlled, and the above-quota purchase should be "given the red light." For the stock of commodities, cost preservation analysis and stock quota should be implemented so that economic results can be enhanced.

3. The commercial facilities and the development of business should be in good proportion and well matched. In some foreign countries, a large proportion of the wholesale business does not possess the ownership of the commodities. The case is different in our country: the wholesale business is not only engaged in the work of "commercial circulation," but also in the work of "material circulation." Therefore, corresponding commercial facilities should be established; otherwise, the proportion will be out of balance and the development of the business will be affected. Particularly under the present condition that suitability of commodity is emphasized. The

requisite wholesale networks and points as well as warehouses should be expanded. However, with reference to the wholesale organizations in Shanghai, the relationship regarding the proportion of the development of business and commercial facilities is precisely in a state of dislocation. Many wholesale units have reported: we can only "fix the sales target according to the capacity of our warehouses," and thus the styles and varieties cannot be formed into a complete set and the potential for business cannot be motivated. Take the warehouses, for instance, regarding the units under the No 1 Bureau of Commerce of Shanghai, the tonnage of stored commodities in 1980 doubled that in 1966, but the area for the warehouses only increased by 4.47 percent. Now take the wholesale networks and points, for instance. Regarding the units under the No 1 Bureau of Commerce of Shanghai, the municipal wholesale amount in 1981 was 402 percent above that in 1957, but the secondary wholesale networks and points in 1981 accounted for only 34 percent of those in 1957, a result of the emphasis on concentration and unification. The dislocation of proportion was even more serious. However, the expansion of the wholesale network and points and the increase of the number of warehouses involve the work of many departments and organizations. The work should be supported by the leading organs, which should consider this problem in the light of realizing the expansion of the reproduction of society and of promoting the economic results of society.

In order to promote economic results in commerce and to tailor commodities to needs, there exist three problems which should be further studied on the basis of the combination of theory with practice.

First, the examination of profits should be beneficial to the tailoring of commodities to needs and to the promotion of the economic results of society. The implementation of examining the profit targets in order to check on the marketing situation of the enterprises plays an active role in motivating the initiative of the enterprises and the staff and workers and in promoting the economic results of the enterprises. However, because prices deviate rather seriously from value at present, there actually exists a difference between the products with higher prices and profits and the products with lower prices and profits. Therefore, after the implementation of examining the profits to check on the enterprises, especially when this measure is taken in association with the premium for the staff and workers, the enterprises often produce, with great efforts, those commodities with higher prices and profits and are not willing to arrange the production of those commodities with lower prices and profits, thus harming the suitability of the commodities. Here lies the cause for the increase in production of chemical fiber cloth, with a large stock exceeding demand, and for the decrease in production of pure cotton cloth, which cannot meet demand. Take the textile industry in Shanghai, for instance. The production of 100 meters of medium and long fiber chemical fiber cloth (plain weave) can get an industrial profit of 139 yuan, the profit rate over cost being 59.8 percent, while the production of 100 meters of pure cotton cloth (fine cloth) can only get an industrial profit of 16 yuan, the profit rate over cost being 27 percent, the difference in industrial profits being 7.7 times when compared with the production of chemical fiber cloth. But after purchase by commercial units, for every 100 meters of medium and long fiber products, the invested capital

is 460 yuan and the interest and storage charges amount to 36 yuan per year, but the gross profit for the wholesale business is only 34 yuan. Therefore, if the goods are stored for one year and then put on sale, there will be a loss, thus creating a situation of "industry reports good news but commerce announces bad news, with a nominal profit but actual loss." Here also is involved the contradiction between the departmental economic results and the social economic results: for the industrial departments, the results are good; for society as a whole, the economic results are poor.

At present, our selling prices for part of the products with higher prices and profits comprise profits based on policy. These profits based on policy are not the results of industrial production or of the commercial operation, but are profits added to the selling prices in a planned way in accordance with the policy of the state. These profits are submitted to the state in the form of industrial profits or commercial profits. (They are essentially in the nature of a consumer tax.) However, in the practical work, they are mixed with the general operational profits in accounting and checking. Therefore, aside from the above phenomenon of enterprises centering their attention on goods producing higher profit margins, correct calculations cannot be realized in the examination work because the profits based on policy shelter the deficiency and internal mismanagement within enterprises. And between the different enterprises and departments, there exists the phenomenon of "earning money without efforts exerted, but efforts exerted without earning money." Therefore, we think it necessary that the profits of the enterprises should be subservient to the social economic results, and investigations and studies should be conducted to devise a method of supervision and examination which can cater to the actual requirements of these two aspects.

Second, the storage function of commerce should be beneficial to the tailoring of commodities to actual needs and to the promotion of social economic results. It has been emphasized for a long time that the commercial departments should act as storage facilities: if too much of a commodity is produced, it can store the surplus; if the quantities of the commodity cannot meet demand, it can deliver the stored goods to the sales network. This kind of regulation of production and sales through storage helped industrial production to operate at its full capacity and raised its efficiency, and played an active role in stabilizing industrial production and ensuring supplies to the market. However, the commercial storage capacity was gradually overutilized and circulation became slow, and the styles and varieties gradually became outdated. What is more, for those commodities which were produced seasonally but were on sale all year round or which were produced all year round but were on sale seasonally, the regulation work was carried out not by production, but by the commercial storage; besides, this kind of regulation was free of charge for the commercial departments and was without seasonal price differentials. In addition, in the storage work, no classification of commodities based on their importance was effected, and there was no storage limit. No matter what the quantity of the surplus goods, the storehouses had to accept these goods. If they were not accepted, the commercial departments would be criticized for not having the viewpoint of storage and would be responsible for any supply storage in case there was

one. In time an ambiguous concept--"more is better than less"--was formed in the commercial departments. But in reality, it sheltered the overstocking of the commodities and was also a kind of nominal income in industry but an actual expense in commerce. It was just as Marx pointed out: "Because the normal and abnormal forms of storage cannot be distinguished based on their appearance--and both are the stagnation of circulation--so these phenomena may be mixed up; besides, for the producers, although stagnation occurs in the course of circulation for his commodities, which have been transferred into the hands of the merchants, yet the course of circulation for his capital is still quite normal, and all this makes the producer himself even more puzzled.... Therefore, the phenomenon that the extent of the storage of commodities has been enlarged because of the stagnation of circulation may be mistaken as the symbol of the expansion of the course of reproduction. It is especially so when the current movement has become mysterious owing to the development of the credit system." (Marx: "Capital," Vol 2, 1975 edition, pp 166-167, published by the People's Publishing House.) Therefore, the advantages and disadvantages of the storage function should now be further studied at the level of society as a whole. We deem it necessary to give different treatment to different commodities, to determine the rational line in policy and to make clear the responsibility for different levels of storage, so as to make the commodities suitable for the actual needs and to promote the social economic results.

Third, we must make clear whether it will be beneficial to the tailoring of commodities to actual needs and to the promotion of social economic results if the types of commodities under planned distribution are great in number. Our socialist system must carry out the principle of taking planned economy as a dominant factor and regulation by market mechanism as subsidiary. Practice has proved that the implementation of planned distribution for the principal daily-use industrial goods has played an active role in the rational distribution of commodities and in ensuring the supply of daily necessities to the people. But the types of commodities under planned distribution are great in number, and the distribution takes place at all levels, with the result that a great variety of tickets are needed in various retail links. All this happens when the commodities are short in supply but, at the same time, the quantity of goods stored increases--another name for it is "overstocking of popular goods." There are different opinions regarding this phenomenon. One of them is that the planned distribution of goods between different regions and enterprises can regulate the overstocking of shortage of supply and can supply commodities in a rational manner; it can tailor commodities to actual needs and can promote social economic results. Another opinion is that planned distribution involves too many levels and links (usually on the basis of administrative levels and regions) and is too rigid, which is harmful to the tailoring of commodities to actual needs and to the promotion of social economic results. In our opinion, for the past 20-odd years, the production of our local industry has developed greatly, the proportion of local production and local consumption has increased and the commodities which are transferred from the coastal areas have changed from those based on quantitative supplies to those based on styles and varieties. Under these circumstances, it is inappropriate if the proportion for the commodities under planned distribution becomes too great. More

flexibility should be granted in organizing the circulation of commodities, more free purchase should be permitted and more extensive latitudinal association in economy should be practiced. The planned economy as the key factor must be affirmed, but too great an amount of commodities under planned distribution is harmful to the tailoring of commodities to actual needs and to the promotion of economic results.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU': TRANSFER OF SURPLUS AGRICULTURAL LABOR

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[Article by Fu Zhengde [0265 2398 1795] of the Economic Research Institute of the Tianjin Social Sciences Academy: "Proposals Regarding the Ways and Modes of the Transfer of the Surplus Agricultural Labor Force"]

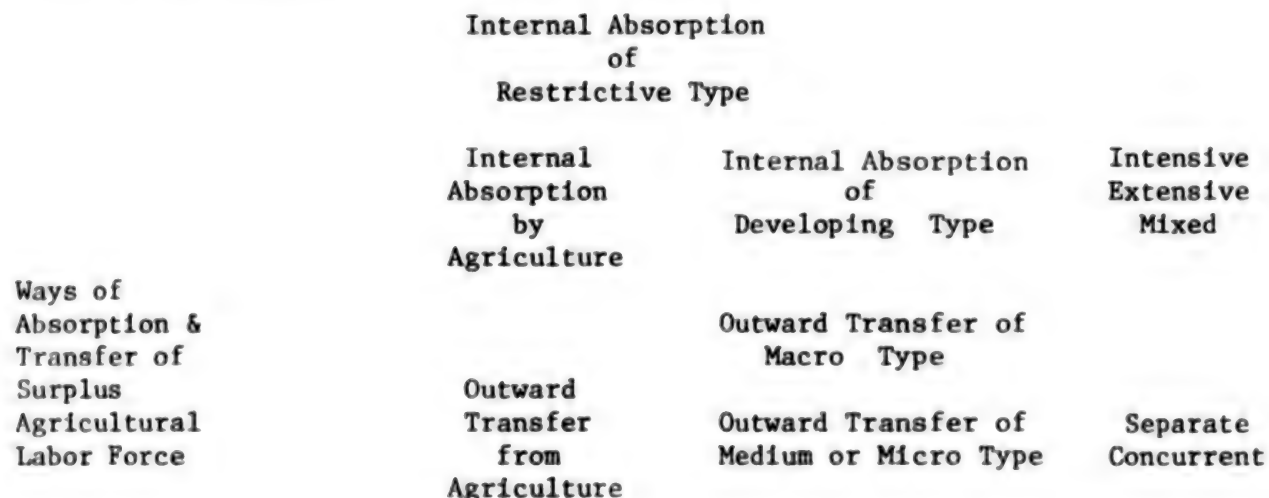
[Text] In the past, the problem of the movement and transfer of the agricultural labor force was more or less "out of bounds" for discussion. Utilization of the labor force in the countryside was basically confined to one single mode and it appeared to be quite natural that the 300 million peasants constituting the labor force in the countryside were glued to the billion odd mu of cultivated land and, in fact, confined only to grain production. But now we have advocated that we must start from reality and that in all our activities we must observe natural laws and economic laws. People have begun to realize that the absolute or relative surplus of the agricultural labor force is a problem that needs urgent study and solution.

In the history of mankind, following the development of the social economy, transfer of the agricultural labor force frequently occurred. The development of the modern social economy in various countries of the world denotes that at present, a common trend is the urbanization of the world's population and the agricultural labor force turning to nonagricultural pursuits. In 1925, the world's population was only 1,928 billion people. At that time, the rural population was 1,523 billion, or 79 percent of the total. The great majority of them were directly engaged in agricultural production. In 1980, the world's population increased to 4.413 billion, an increase of 118.89 percent while the rural population increased to 2.543 billion, an increase of only 66.97 percent, and was only 57.6 percent of the total. During the same period, the urban population increased by 360 percent. In the economically developed countries, this change was even more outstanding. Following are statistics from the World Population Organization: In 1980, the proportion of the rural population in the total population of various countries was as follows: Britain, 11.7 percent; West Germany, 13.6 percent; United States, 17.3 percent; France, 21.7 percent; and Japan, 36.7 percent. Moreover, the proportion of the rural population directly engaged in agricultural production showed an obvious downward tendency. In the United States, people directly engaged in agricultural production dropped to only 3 percent of the total population. In Yugoslavia, the ratio dropped

from 75 percent at the conclusion of World War II to 33 percent in 1977. In the Soviet Union, the proportion also dropped to 38.7 percent in 1976. Many available statistics have testified that the development of the world's economy and development of the rural economy have been in line with the growth of the urban population and the corresponding downturn of the rural population. It is estimated that by the end of this century the world's population may have increased to 6.2 billion of which the urban population will reach 3.2 billion and therefore the rural population will be for the first time less than 50 percent of the total. It is also estimated that by that time in the developing countries, the proportion of the rural population will drop to below 60 percent of the total. This population movement from the rural villages to the cities and towns during the last half century and more carried more or less the same significance and meaning as the population movements on the three occasions of the big social division of labor in the early stage of the history of mankind.

In studying the history, present conditions and future prospects of the development of rural economy in our country, we cannot avoid touching on the problem of the movement and transfer of the agricultural labor force. Taking due note of the national conditions of our country, a correct understanding of the inevitability, ways and modes of the transfer of agricultural labor force in our country is an important constituent part of the strategy for development of the rural economy in our country. In the past one or two years, theoretical circles and the various departments in agricultural economic work have begun to be concerned with this problem. But because this problem touches on a rather extensive field, is restricted by many complex factors, and is extremely difficult to solve, in trying to solve the problem, the great majority of people generally confine themselves to the promotion of diversified operations as a measure and more or less stop at this point. This article will attempt to probe into the probable modes of the transfer of the agricultural labor force in our country.

Starting from reality, we can formulate the following diagram in examining the possible ways of the absorption and transfer of surplus agricultural labor force in our country:



I. Internal Absorption by Agriculture

Some comrades are of the opinion that in view of our country's national conditions and national power at present, this is the main way of solving the problem of surplus agricultural labor force in our country. Actually, in a concrete analysis of its contents, it is workable on the one hand but also has certain definite limitations on the other. It is also not the best way. In our analysis, we can split it up into two different types as follows:

1. Internal absorption of a restrictive type. This means that without regard to the labor productivity rate or to the economic effect, all of the rural labor force is forcefully confined or restricted to agriculture, or even only to the plantation trade or grain production. This was the mode that was in force many years ago in the majority of localities. Due to the present production conditions and the scientific and technological level in agricultural production, between the input into, and output from, agricultural production it is frequently impossible to maintain proportionate functional relations. The shape of a sine function is frequently obtained and the trend is one of diminishing returns. Hence, the capacity of the internal absorption by agriculture of surplus labor force is extremely limited, and, besides, it frequently cannot yield the best economic results. On the surface, it appears that forcefully confining the rural labor force to the scope of its original agricultural production can avoid a series of problems and difficulties that may arise at present on account of the growth and inflation of the nonagricultural population. Actually, this restricts the development of the productive force and in the end cannot avoid the occurrence of these problems and difficulties. Allowing these problems to remain unsolved in the countryside does not help the development of the entire national economy. Obviously, therefore, internal absorption of the restrictive type is not a workable method.

2. Internal absorption of the developing type. The suggestion is to adopt the concept of "great agriculture" in the broad sense. That is to say, developing the plantation trade as well as diversified operations, or, seeking development both in depth and in breadth, or, we may say, absorption of surplus agricultural force for the development of agriculture by both extension and intensity. Obviously, this is a better way. We can divide it into three different types, namely, the intensive type, extensive type and mixed type. The intensive type delves into the depths of agricultural production, that is to say, by intensity; the extensive type delves into the breadth of agricultural production; while the mixed type delves into both the depth and the breadth. Agricultural production in our country still has vast potentialities in both depth and breadth. Undoubtedly, it is workable if we choose the mixed type which must have a slight inclination to intensify. In other words, this means "absorption on the spot." However, because of the limited character of agricultural resources, internal absorption of a developing type also has limitations relatively speaking both in regard to time and space. Strategically speaking, a rural labor force of some 300 million people strong cannot be forever contained in only 1.9 to 2 billion mu of cultivated land. Even an additional several billion mu more of grassland, hilly areas, and lakes and ponds will still not be sufficient. Therefore, in planning for an

even greater future development of the rural economy, resort must still be made to the outward transfer of the surplus agricultural labor force as supplement.

II. Outward Transfer from Agriculture

Following the rise in the labor productivity rate and the increase in the surplus agricultural labor force, it is objectively inevitable that a portion of the agricultural labor force is transferred to nonagricultural production departments. We may divide the outward transfer of surplus agricultural labor force into two types, namely, the macro type and the medium and micro type.

1. Outward transfer of the macro type. We call the transfer of labor force from the agricultural production department to nonagricultural production department within the scope of the whole national economy of a country as outward transfer of the macro type. It is principally shown in the movement of the labor force from the countryside to the cities and towns and has been a major development among the world's countries over the past half century and longer. Actual practice has shown that although this transfer or movement has provided capitalist economic development with large resources of cheap labor and has been found to be an important factor in promoting capitalist economic development, yet because of a blind inflow of population into the cities and towns being overconcentrated and placing too heavy a burden on the cities and towns, it has brought forth a multitude of problems such as employment, housing, transportation and environment all of which are difficult to tackle. Obviously, outward transfer of a macro type which is blindly executed and is out of control is not good for our country. Nevertheless, we must still look at the other side of the picture. Marx said: "The history of the modern era is the urbanization of the countryside and is different from ancient times when it was the ruralization of the cities (Marx: "Critique of Political Economy," (Draft of 1857-1858, in "Collections of Marx and Engels," Vol 46A, p 380). "All the progressive forms of division of labor with the exchange of commodities as the medium spell the separation of the cities and towns from the countryside. It may be said that the entire economic history of society is comprehended in this stance of opposites" (Marx: "Das Kapital," Vol 1, People's Publishing House, 1975 edition, p 390). Over the past 30 years, the number of our large cities has grown from 157 to 225. Of them, those with a population of one million have increased from 6 to 15. But the economy in the cities has not developed to any great extent. In particular, their geographical distribution has not been even. Still, there are bright prospects ahead for the development of the urban economy. Following the development of the economy in the cities, the natural trend is for a definite portion of the rural population to move to the cities. Although since 1949 the ratio of our urban population has been maintained at about 17 percent of the total, yet the absolute figure of the urban population has swollen from nearly 100 million in 1949 to around 170 million at present. Under the conditions of the gradual lowering of the natural growth rate of the urban population, and following the economic development of the cities, it is perfectly natural for the cities to absorb a portion of the labor force from the countryside. In reality, certain newly

developed industrial areas have frequently absorbed large numbers of the labor force from the countryside. We must display in full the superiority of the socialist economic system, strengthen planned control over the movement of [words indistinct] countries.

2. Outward transfer of medium or micro type. This takes place in the transfer of agricultural labor force from within a certain area or a certain agricultural enterprise to nonagricultural production departments. Viewed from the national condition and national power of our country, this is an important way for the solution of the present stage of the problem of surplus agricultural labor force. The concrete forms may be subdivided into two categories of the so-called separate type and concurrent type.

The separate type includes the transfer of the labor force to outside the agricultural enterprise and to the small towns and villages in the rural areas, being separated from the enterprises directly engaged in agricultural production. At present, there are in our country over 2,000 counties and over 50,000 people's communes. Following the overall development in rural economy, there is the possibility of their absorbing several tens of million, and even up to 100 million people of the surplus agricultural labor force. In addition, we must take into account those specialized plants and specialist individuals who are still inside the agricultural establishments. Although they no longer take part in agricultural production, they are still not divorced from the original agricultural establishments but still participate, in various forms, in the common income distribution of the agricultural establishments.

The concurrent type include establishments which do concurrent operation or business along with agricultural pursuits and individuals of the labor force similarly holding concurrent jobs, although they take up a portion of non-agricultural production, yet they are not entirely divorced from agricultural production. Rather, farming is still their principal pursuit but they hold concurrent jobs in other fields, such as transportation, jobs of a seasonal nature and subsidiary household production. It can be seen that this type has great potential for absorbing labor.

We can see from the above that there are diversified ways of absorbing surplus agricultural labor in our country and that their potentials are enormous. We should proceed from this basic condition to choose the best mode for the absorption and transfer of the surplus agricultural labor force in our country.

The modes of the transfer of the agricultural labor force may be subdivided into different forms in accordance with different standards.

The modes of transfer may be mentioned as the natural transfer mode and the artificially interposed mode. Countries with the western form of market economy generally adopt the natural transfer mode. Transfer of the labor force is usually accomplished under competitive conditions and the regulation of the law of value. The artificially interposed mode embraces artificial and restrictive transfer and artificial measures of control of population movements. Based on the different directions of transfer, this may still be

divided into the internal absorption type and the external transfer type. The former depends mainly on expanded reproduction within agriculture itself and relies on raising the intensive degree of agriculture to absorb more labor force into its fold. The latter calls for the separation of the labor force from agriculture to have it oriented toward nonagricultural production departments in the cities and towns. Based on the ways of the transfer of the labor force, it may also be divided into the single or unitary type and the compound or complex type. Many countries of the world have experienced the unitary type of the flow of agricultural labor force from the countryside to the urban areas. The compound or complex mode of transfer should be based on the special features of an area and permit the coexistence of diversified forms of transfer of the labor force.

Our country is a socialist country which carries out a planned economy as the principal factor and regulation by market mechanism as the subsidiary factor. In accordance with the economic conditions of our country, our choice should be the complex form operating under the guidance of the state plan and with major stress on both the internal absorption of the mixed type and outward transfer of the medium or micro type. Transfer of agricultural labor represents a gradual process which takes a long time until completion. Raising this matter now carries no implication that it can be soon realized. Rather, it is hoped that we can understand this objective law, and, from now on, can correctly grasp it and make good use of it in the course of the four modernizations so that in the future development of our national economy our country's surplus agricultural labor force can effect its historic transfer gradually and in a healthy manner.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON CHINA'S OWNERSHIP STRUCTURE

HK290916 Beijing JINGJI YANJIU in Chinese No 9, 20 Sep 82 pp 25-28

[Article by Song Tao [1345 3447] of the department of economics of the China People's University, written in July 1982: "On China's Ownership Structure, With the State-Owned Economy as the Leading Factor"]

[Text] The articles in the general program of the draft of the revised constitution of the PRC (hereafter called the draft of the revised constitution for short) on the structure of the system of ownership of the means of production and the economic sectors under this system are the affirmation of the system of ownership of the means of production and its various economic sectors which practically exist at present in China and the affirmation of the multifarious systems of ownership of the means of production required by the imbalances of development of the productive forces which practically exist at present in China. This of great significance for arousing the enthusiasm of the various types of enterprises for production and operations and accelerating the development of the cause of China's socialist economic construction. I would like to discuss some of my personal opinions and understanding of these questions.

I. The Affirmation of the System of Ownership of the Means of Production and the Various Economic Sectors Under This System Which Practially Exist at Present in China

The general program of the draft of the revised constitution clearly stipulates that on the basis of the state-owned economy, which is based on the system of ownership by the whole people and plays a leading role, there exists not only the economy under the system of collective ownership by the masses of working people, but also the economy under the system of individual ownership by working people and the enterprises invested in by foreign capital and operated in China and joint ventures with Chinese and foreign investments located in China. This completely tallies with the objective realities of China's economy at present.

The system of ownership by the whole people is an ownership system under which the means of production are owned by the entire working people. The means of production owned by the entire working people are the means of production used by some large-scale or relatively large-scale enterprises.

They include the means of production used by railway, road, air and bulk sea transportation and the mineral resources, waters, forests, mountainous areas, grasslands, underdeveloped lands, beaches and natural resources, sea and land which are owned by the state according to provisions of the law. In addition to existing natural resources, the means of production owned by the whole people are mainly accumulated with a section of the net products or net output value created by all the working people themselves. The production organizers and leaders, engineering and technical personnel and workers directly engaging in manual labor who work in state-owned enterprises are bound to hand over, in the form of profits and taxes, a section of the net products or net output value which they produce to the state for its disposal. The working people who work in the collectively run enterprises are also bound to turn over to the state for its disposal a section of the net products or output value which they create through government assigned purchase, requisition by state purchase and taxes. Individual working people are also bound to pay taxes to the state according to the provisions of the law. Being turned over to the state means being owed by the whole people. Therefore, the means of production owned by all the people consist of not only what is produced by the working people in state-owned enterprises and by the working people in the collectively run enterprises, but also the labor achievements (though they constitute a tiny proportion) of self-employed laborers. In total, the means of production owned by the whole people are wealth created jointly by all working people.

Some comrades hold that those who can directly use the means of production owned by all the people to carry out production and gain income from their labor are only the working people who work in state-owned enterprises. For this, the present system of ownership by the whole people is only the system of ownership by the members of the working class who work in state-owned enterprises. In my opinion, this understanding is inappropriate. The working people who work in collectively run enterprises cannot directly own and use the means of production owned by all the people. However, the state gives assistance, with or without charge, to the collective economy through loans and the economic and technical assistance given by the state-owned economy, through all economic and technical measures adopted by the state to develop agriculture and rural sideline production and through such measures as the building of large-scale water conservancy projects and the bringing of various natural disasters under control. This is not only conducive to developing the production of collectively run enterprises but, at the same time, is also conducive to boosting the income of the working people in the collectives. In addition, the working people who work in collectively run enterprises have also the right to enjoy the educational and cultural undertakings initiated by the state. Of course, the present system of ownership by the whole people is a system of ownership by the whole people which is still in the course of development.

There are also some comrades who deem that in the course of structural reform, the state is adopting a method of repaying interest for the use of the fixed assets of state-owned enterprises and practicing a policy of rendering standard loans for the use of circulating funds. When an enterprise is supposed to have handed over to the state the whole depreciation of

the fixed assets invested by the state and when the amount of funds which is supposed to have been handed over to the state in the form of interest is equal to the existing circulating funds which the enterprise got as a loan or equal to the amount of the repayed circulating funds which it got as a loan, then it seems to some people that the whole means of production of the enterprise should be owned collectively by the working people who work in the enterprise. This understanding, as I see it, is also inappropriate. This is because even though the whole fixed assets and circulating funds which the enterprise uses are a section of the net products which the laborers of the enterprise produce, this section of the net products is produced by the working people who work in a state-owned enterprise by means of using the means of production under the system of ownership by all the people. So, they should still be owned by all the people. The means of production under the system of ownership by all the people are accumulated precisely with these continuously increased net products. It is inconceivable that under these circumstances, the means of production of state-owned enterprises should become the means of production under the collective ownership system.

The system of collective ownership of the means of production means that the means of production are publicly owned by the working people in a certain collective. In the agricultural collective economy in rural areas, the major means of production are collectively owned by working people. Following the introduction of the production responsibility system in the collective economy, some manual tools, small-sized farm machinery, farm animals, seeds, fertilizers, farm chemicals and others are owned by every individual peasant, but in agricultural production, land--a most important means of production--and the forests, mountain areas, grasslands, underdeveloped lands and beaches which are owned by the collectives according to the provisions of the law, and some relatively large-scale water conservancy facilities are still publicly owned by the collectives. Furthermore, unified planning is still practiced in production and operations in agricultural production. Therefore, the agricultural collective economy, following the implementation of the production responsibility system, still belongs to the economy under the collective ownership system. At present, in the course of developing industrial sideline production, there has emerged a new form of economic integration among some peasants. The means of production used by these new economic integrated combines also belong to the economy under the collective ownership system. In the cities and towns, the means of production used by the handicrafts industry, building industry, transport service, commerce and service trades which are collectively organized by the masses of working people, are also publicly owned by the collectives, and they are used and disposed of by the working people of the collectives concerned.

The system of individual ownership of the means of production means that the means of production are individually owned by working people. In rural areas, these individual owners are members of the individual peasant households who had difficulty in joining the agricultural producers' cooperatives because, as the result of poor transport facilities, they lived too far away. In the cities and towns, they are individual handicraftsmen, service

traders and owners of eating places and individual retail stores. They use whatever means of production they have to carry out production and operations.

The investments made in China by foreign capitalist groups or individual capitalists are owned by the capitalist groups or individual capitalists. In the enterprises jointly run by them and our country, there exist both the system of ownership by the whole people and the system of ownership by the foreign capitalists. These enterprises are enterprises jointly operated under two different ownership systems.

The structure of the system of ownership of the means of production means the organic combination of the various ownership systems of the means of production. Now that there still exist multifarious systems of ownership of the means of production at the present stage in China, it is impossible for every form of the ownership system to exist in isolation, in the absence of other forms of the ownership system. This finds expression in the interrelations formed in the operational activities of the enterprises under the various ownership systems. Different ownership systems result in different economic sectors. The basis of the socialist economic system in our country is the socialist public ownership system, that is, the system of ownership by all the people and the collective ownership system. The state-owned economy, based on the system of ownership by all the people, plays a leading role in the development of the whole national economy.

The articles in the general principles of the "draft of the revised constitution" provide the affirmation of the various ownership systems and the various economic sectors under these systems which exist at present in China.

II. Recognition of the Ownership System Required by the Imbalances of Development of the Productive Forces Which Practically Exist at Present in China.

In the general principles of the "draft of the revised constitution," the affirmation of the present existence in China of the system of ownership by the whole people, with the state-owned economy as its base, and of the other ownership systems which coexist with the system of ownership by all the people means affirming the different requirements placed on the ownership system by the imbalance of the development of the productive forces.

In the socialist period in China, the existence of different ownership systems and the economic sectors based on different ownership systems is determined by the imbalances of development of the productive forces.

The means of production under the system of ownership by the whole people are all means of production of vital importance. The enterprises which use these means of production to carry out production and operations are very big or relatively big in scope, and the raw materials and semifinished materials they process and the fuels and power they use come from many localities and enterprises throughout the country. The products they produce are sent

to the urban and rural areas of many localities throughout the nation for sale there. These enterprises play an extremely great role in the development of the national economy. This socialized mass production objectively demands a single unified owner. At present, that which represents the entire working people in owning the means of production under the system of ownership by the whole people is a socialist country. Some comrades are of the opinion that there are quite a few shortcomings in the economy directly managed by the state, for example, the enterprises do not have any necessary relative decisionmaking power. They argue that enterprises must separate themselves from the state's economic organs and form various economic organizations to lead the various enterprises. It is a unanimous view that enterprises should be granted necessary decisionmaking power. However, we should establish various economic organizations to lead the various enterprises and have a single unified economic organ above the various economic organizations. If this is not done, we will be unable to coordinate the operational activities of the various different economic organizations. In the course of structural reform, if we can discover an economic organization that is better than the existing system, with the state's leading economic organ as the center of activities of the state-owned economy, I will stand for it. If we fail to discover such a better economic organization, we have to retain the state economic organ in the central role of leading and organizing state-owned enterprises and restructure its irrational management system. In my opinion, the important undertaking at present must be to implement the economic responsibility system in the internal departments of the state's leading economic organs at the various levels so that the achievements in work of the leaders of the leading economic organs and every office worker can be directly integrated with their economic interests.

The means of production under the collective ownership system are means of production which can be used by a section of the masses of working people who get organized. Judged from the level of socialization, this section of the means of production is generally lower than the level of development of the socialization of the means of production of state-owned enterprises. This section of the means of production are relatively numerous in quantity but fairly scattered. The enterprises which use these means of production to carry out production and operations are relatively small in scope and their level of development of production and that of socialization of production are comparatively low. It is impossible for the state to bring the numerous scattered small enterprises in line with the management of the state's leading economic organs. Also, it is not necessary to turn these means of production into the means of production under the system of ownership by the whole people. However, these means of production must not be separately owned by some individuals. Under the socialist system, ordinary self-employed laborers do not have the capacity to use these means of production. Therefore, this type of means of production have to be collectively owned by some working people and, at the same time, have to be collectively used by these working people. Since the scope of the collectively run enterprises is relatively small, it is not only easier for them to manage their own affairs, but it is also easier for them to change at any time the variety, specifications, designs and colors of their products in order to suit the needs of the buyers. The economic interests of an enterprise

under the collective ownership system and of every laborer in the enterprise are directly related. When the production of the collectively run enterprises develops and their revenue increases, the income of every laborer of the enterprises will increase accordingly, and when the enterprises suffer losses in business and their revenue decreases, the income of every laborer of the enterprises will also decrease as a result. The direct integration of the economic interests of every laborer and the interests of the enterprises is good for arousing the enthusiasm of every laborer for production so that they can more effectively use production equipment and implements of production, use more sparingly raw materials, semifinished materials and fuels and effectively use work hours to raise labor productivity. Therefore, the system of collective ownership of the means of production is in compliance with the level of development of a section of productive forces at the present stage in China and can thus promote the development of this section of productive forces.

The means of production individually owned by working people consist of primitively simple manual tools and a few subjects of labor. Self-employed laborers use whatever means of production they own to carry out small-scale production and operations. The ownership of the means of production of this kind by working people is convenient for taking care of and using such means of production. Putting this kind of means of production under the collective ownership system will bring about fairly great damage and losses, as proved by experience in the past. In order to boost their income, self-employed laborers always try by every possible means to fully use the means of production they use and their work hours. The products they produce are also necessary for social production and the well-being of the masses. It can thus be seen that the economy under the individual ownership system is in such compliance with the development of such low productive forces that manual tools are still used for carrying out production and operations.

The enterprises in China set up by foreign investments or enterprises in China in which Chinese and foreign investments are made jointly are aimed at importing the advanced machinery and equipment, technology and techniques of other countries and introducing the management methods useful for raising China's enterprise management skills. These are all measures which we should adopt to accelerate the development of China's economic construction.

In sum, the existence of several different ownership systems and the economic sectors under these systems at the present stage in our country is determined by the imbalances of development of the present productive forces of our country.

III. Arouse the Enthusiasm of the Enterprises Under the Various Ownership Systems for Operation, Accelerate the Development of the National Economy

The general principles of the "draft of the revised constitution" not only affirm the several different ownership systems and various economic sectors under these systems which practically exist at the present stage in China but, at the same time, also stipulated the principles and policies which the state should take to protect the various economic sectors. This is of great

significance to firing the enthusiasm of the managers of enterprises of various types. It will not only help consolidate and develop the state-owned enterprises under the system of ownership by the whole people but also help the enterprises under the collective ownership system develop at a rapid pace, and also help the economy under the individual ownership system and the enterprises in which there are Chinese and foreign investments make great efforts to carry out production and operations.

The affirmation of the several different ownership systems will bring a relatively stable period of development to the several different ownership systems which practically exist at the present stage in China. Historical facts in China have proved that any excessively hasty reform of the system of ownership of the means of production is detrimental to the development of production. We must absolutely not regard the idea that the higher the level of collectivization of the means of production, the more advanced it will be. In the state-owned economy, the means of production are owned by the entire population but, at the same time, they are also owned, disposed of and used by the various enterprises. This separation of the right of possession of the means of production from the right to own, to dispose of and to use them is the inevitable outcome of the socialization of the means of production. In the course of production and operations, the means of production which are owned, disposed of and used by state-owned enterprises must also be directly linked with the material benefits of the enterprises, the various production teams and groups and individual working people in the internal departments of enterprises. The direct combination of the right of possession of and the right to own, to dispose of and to use the lowly socialized semimechanized and small-size mechanized means of labor and manual tools will vigorously urge the producers to take care of and fully use these means of labor. The nature of the system of ownership of the means of production must correspond to the level of the development of productive forces. Only when the development of the productive forces demands a change in the ownership system can the change in the ownership system promote the rapid development of the productive force.

Apart from the several different ownership systems and the various economic sectors under these systems as affirmed by the general principles of the "draft of the revised constitution," in the course of China's present economic development, there have still emerged various integrated enterprises. While the integrated enterprises do not change the previous system of ownership of their member enterprises, seen from the nature of the ownership system of the means of production, there has not emerged any new ownership system and, thus, no change has ever taken place in the ownership structure within the limits of the national economy.

What calls for serious study is that at present there have emerged in some localities phenomena in which some individuals made an investment or a few people raised funds to buy means of production and recruit a certain amount of laborers to set up certain enterprises, or some enterprises allowed individuals to become shareholders to make an investment. Furthermore, the income of these individuals or a few people not only greatly surpassed the interest of bank savings, but also considerably exceeded the income of the

working people in the enterprises concerned and also substantially out-stripped the income of the working people engaging in manual labor and of managerial personnel of the other enterprises. The nature of the system of ownership of the means of production by individuals or a few people belongs neither to the collective ownership system nor to the individual ownership system. We must study this issue. While these practices are contributing to production, proper measures should also be adopted to improve them.

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NATIONAL POLICY AND ISSUES

OPERATION OF ECONOMIC CONTRACT LAW, SYSTEM EXPLAINED

Yinchuan NINGXIA RIBAO in Chinese 29 Jul 82 p 1

[Article by Ma Tielun [7456 6993 6544]; Chief of Industrial and Commercial Administration and Management Bureau, Ningxia Hui Autonomous Region: "Implement Economic Contract Law; Promote Economic Contract System"]

[Text] The Economic Contract Law of the People's Republic of China, examined and approved by the Fourth Session of the Fifth National People's Congress, officially took effect on 1 July 1982. This is an objective demand of Chinese political and economic development, and an urgent need in strengthening the socialist legal system in the economic sphere and in promoting modernization.

Promoting an economic contract system has been an important policy for adjusting various economic relationships ever since the days of border region construction and in the more than 30 years since the founding of the People's Republic. Early on, during the period of economic recovery, relevant departments in the party and the government had issued a series of administrative measures concerning the signing of contracts and deeds, and these played a positive role in affirming and adjusting the cooperative relationship between former enterprises formed naturally before liberation, as well as in promoting economic recovery and development. In the early 1960's, when the national economy was being "readjusted, consolidated, strengthened, and improved," the party and the government further promoted the economic contract system, making many relevant supplements and adjustments, so that it continued to play an important role. But during the 10 years of internal turmoil, the economic contract system was completely negated. Only after the ousting of the "gang of four" was the economic contract system reaffirmed. Especially since the Third Plenary Session of the 11th Party Central Committee, the party and the government have issued a series of decisions, directives, notices, and regulations. Now, on the basis of summing up historical experience, the party and the government have promulgated the Economic Contract Law, raising it from the status of general policy to that of a legal document. It will play a very important role in restoring and developing the economic contract system and promoting the four modernizations. It will gradually change a situation in which there were no contracts in dealings between economic organizations, or in which contracts existed in name only, or in which there was much confusion in the administration of contracts. Such changes are

essential if the various economic relationships are to be handled well under the conditions of China's economic structure, with the coexistence of many different economic elements, multiple layers, and multiple channels.

Article 1 of the Economic Contract Law specifies that the law is formulated specifically to "protect the legal rights and interests of the parties concerned in economic contracts, safeguard social and economic order, improve economic benefits, guarantee the implementation of state plans, and promote the development of the socialist modernization program." From the legal point of view, the Economic Contract Law is important for the four modernizations program in four respects:

First, the Economic Contract Law is a guideline to adjusting the behavior between socialist legal persons. Laws are the unique phenomena of a class society, the expressions of the will of the ruling class, and the tools to realize its dictatorship. Bourgeois economic contract law is a tool to oppress the working people, and is used by the capitalists to gain huge profits. Proletarian economic contract law is a legal norm used to adjust the economic relationships between socialist economic organizations. Within the jurisdiction of state's rights, it has a binding force on all socialist economic organizations. It stipulates the relationship of rights and obligations between legal persons and vests this relationship with legal guarantees, ensuring the equality and the legal rights of both parties, punishing unlawful practices that harm the state and other people. Practice proves that in large-scale modern economic construction, without voluntary and comprehensive adjustments through law, and without legal guidelines to general behavior that are in keeping with objective economic laws and the will of the people, it is not possible to organize the productive activities of economic departments and the masses of cadres and people into unified state or collective plans and programs in keeping with objective economic laws, thereby forming a unified, coordinated, organized and powerful strength to guarantee the planned, proportionate, and balanced development of the national economy.

Second, the Economic Contract Law is the legal guarantee for the state to conduct activities according to objective economic laws. Objective socialist economic laws are expressed in many ways, such as the planned and proportionate development of the national economy, laws of value, etc. It is vital to the high-speed development of China's economic construction to adhere strictly to objective economic laws. The socialist system itself, however, only provides the possibility to do so and naturally cannot guarantee that people will act accordingly. Therefore principles, policies, plans, and major measures proven correct by practice to conform to objective economic laws must be vested with legal guarantees. Laws must be used to enforce implementation and to eliminate or prevent wrong practices that run counter to objective economic laws. Anyone who causes major economic losses through the giving of incorrect orders should assume the economic and legal responsibilities. As pointed out by Article 33: "If an economic contract cannot be fulfilled or can be only partially fulfilled because of the fault of a leading body at a higher level or the concerned unit in charge, then the leading body or the responsible unit should be charged with breaking the contract."

Third, the Economic Contract Law is a powerful weapon in implementing the principle of "readjustment, restructuring, consolidating, and improving." The Economic Contract Law reflects the characteristics of the current Chinese economy and plays an important and indispensable role. First, it vests enterprises with the status of socialist legal persons that engage in production and take part in circulation. It helps enterprises in combining rights and obligations, and in combining the interests of the state, the enterprise, and the individual in the economic activities, as stated in the economic contracts they signed. It also helps enterprises in demonstrating initiatives, promotes reforms in the state's economic system, and makes it easier for the state to supervise and inspect enterprises. Second, it contributes to consolidating and perfecting the various economic responsibility systems. It is an important means for managing the economy with economic methods. This applies not only to legal persons that are state or collective enterprises but also to economic contracts signed between non-legal persons (individual operators and rural commune members) and legal persons. In this way, economic dealings between different economic organizations will all be protected and checked by the Economic Contract Law, so that responsibilities, rights, and interests will be an integral whole. This will mobilize the initiative of the enterprises and workers and will prevent the tendency toward the lopsided pursuit of rights and nonfulfillment of obligations, thereby promoting further stability, consolidation, and improvement of the economic responsibility system. Lastly, it facilitates the execution and completion of state plans. The Economic Contract Law makes ensuring the execution of state plans its primary task. It stipulates that no unit or individual shall use contracts to sabotage state plans. Planned economy and overall balance are a basic characteristic of a socialist economy. All economic activities of the state, including the readjustment and restructuring of the national economy, must be carried out under the guidance of state plans. State plans are the basis for signing contracts, while contracts are the foundation for formulating the plans and the tool that guarantees the implementation of the plans. Therefore, the Economic Contract Law assumes the important responsibility of ensuring the implementation of the national economic plan and carrying out the principles of readjusting, restructuring, consolidating, and improving the national economy, as adopted by the Third Plenary Session. It is a powerful weapon in the four modernizations program.

In addition, the Economic Contract Law has the role of promoting foreign trade and the rational use of foreign investment in order to accelerate the modernization program, and of ensuring the consolidation and development of the socialist public ownership system.

Our region's experience in the past 2 years in contract administration proves that implementation of the economic contract system can strengthen contacts and cooperation between enterprises, thereby benefiting production; that it can better ensure the execution of state plans and reduce blindness in action; that it can promote improvements in enterprise management and economic accounting, and in product quality to make them more marketable; and that it can enable state banks to better supervise currency, better implement economic penalty measures as stipulated by law, ensure the legal rights and benefits of the parties signing the contract, and strengthen the legal concept of the contract.

Since in the past there was no economic contract law to act as a binding force, however, there are still many existing problems in the signing, fulfillment, and administration of contracts in our region. The problems may involve a contract in name but not in reality, or contracts signed without careful consideration, or contracts with no clear responsibilities, or contracts providing no way to adjudication when problems arise. Sometimes there is no followup investigation to find out who the responsible party is, for fear of spoiling a cooperative relationship. Sometimes a "despot's contract" is signed to swindle and bully the opposite party. Sometimes the higher level's inappropriate administrative interference or frequent change of plans makes it hard to execute the contract, to investigate and affix responsibility, or to voice complaints. Therefore we must publicize and implement the Economic Contract Law in a big way to help enterprises develop a stronger sense of legal systems, thereby solving in a basic way major problems in promoting the Economic Contract Law. Party and government leaders at all levels must put on their agenda the implementation of the Economic Contract Law. Relevant departments and cadres and the masses should earnestly study the Contract Law, gain a deep understanding of the importance and necessity of implementing the Contract Law, and voluntarily carry out the Law, giving it prime importance and always keeping one's word in economic dealings. Leaders at all levels should also conduct inspections into how economic contracts have been signed and carried out in their units since the first of this year and sum up experiences and lessons, integrating this work with the reorganization and consolidation of enterprises, improving the responsibility systems, and enhancing economic results, so that the contract system can truly serve to ensure the completion of economic planning and play a positive role in promoting production and the four modernizations program.

Industrial and commercial departments at all levels have the glorious and arduous task of administering economic contracts. According to stipulations by the State Council, economic contracts will be under the unified administration of industrial and commercial departments at all levels. These departments will be responsible for supervising and inspecting the contracts, mediating and arbitrating contract disputes, and examining illegal contracts and dealing with them accordingly. To do this, cadres in these departments need all the more to study the Contract Law, to learn how to administer contracts, to acquire relevant professional knowledge, to steadily improve their theoretical and policy understanding, to find facts from realities, to conduct arduous and careful work, and thus, under the leadership of the party committees and governments at all levels, to raise the work of administering contracts in our region to a new level.

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CSO: 4006/619

ECONOMIC PLANNING

HEILONGJIANG'S ECONOMY IN FIRST HALF OF 1982 ANALYZED

Harbin HEILONGJIANG RIBAO in Chinese 28 Jul 82 p 1

[Local Dispatch: "Chen Lei [7115 7191] Analyzes Heilongjiang's Economic Situation, Calls for Vigorous Enthusiasm and Persistent Efforts To Complete Annual Economic Growth Objectives"]

[Text] On 24 July, Comrade Chen Lei, provincial party secretary and governor, gave a report entitled "On the Present Economic Situation and the Tasks of the Economic Work of the Second Half-Year" to a provincial meeting of office cadres of divisional rank and up; the meeting was convened by the provincial party committee and provincial government. He called on the participants to get a clear understanding of the situation, sum up experiences and lessons, rise with force and spirit, make persistent efforts, and work hard to achieve the province's objectives for economic growth this year.

In analyzing the province's economic situation, Comrade Chen Lei pointed out that in the first 6 months of this year, the province made substantial increases in industrial and agricultural production, revenues, commercial purchases and sales, foreign trade, and exports. Economic results increased on all fronts, and the economic situation as a whole was favorable. In agricultural production, in spite of major natural disasters, spring plowing was done well. The severe drought has been greatly alleviated by rainfall of varying degrees in different parts of the province. And if persistent efforts are made to overcome the effects of drought, and if no frost falls in early autumn, it will still be possible to reap good harvests. Though agriculture is hit by natural disasters, the diversified economy is witnessing a favorable growth rate in recent years. The number of cattle, milch cows, and sheep on hand have increased over the same period last year. The number of pigs being raised is on the upswing. Industrial production achieved "doubled more-than-half." Total industrial output value over the first 6 months was 7.4 percent higher than in the same period the previous year, and the speed has exceeded expectations. The output value of light industry has increased steadily during this period--10.4 percent more than in the same period last year--with an increase in high quality name-brand products and marketable products. A marked upswing in heavy industrial production is seen in a 5.9 percent rise over the same period of last year. In the coal and power industries, construction has increased and production is expanding steadily. Crude oil, machinery and metallurgical industries all fulfilled their plans ahead of

schedule. Railroad and highway transport plans are also being fulfilled more efficiently than last year. Reorganization and consolidation on the capital construction front have resulted in a new look. Projects in capital construction, expansion, innovation, and reform are proceeding more quickly than before, and more new production capabilities are going into operation and yielding results. By the end of June, incremental capital construction investments had shown an increase of 54 percent over the same period of last year. Urban and rural markets in our province are flourishing, with an abundance of commodities being sold at basically stable prices. As a result of increases in consumer goods production and in social purchasing power, both purchases and sales were the heaviest in many years. The province's retail sales of social commodities during the first 6 months showed an 11.7 percent increase over the same period of last year; consumer goods sales registered a 12.2 percent increase. The supply of nonstaple foods in the cities increased still more.

The report pointed out that an outstanding characteristic of the favorable economic situation in our province in the first 6 months is that through conscious efforts all sectors have improved economic results, as seen in increased revenues. Greater economic results were most marked in industrial enterprises. The province's 1,777 enterprises within the budget have, in the first 6 months of this year, realized 18.9 percent more profit than the same period of last year, and profits turned over to the state registered a 36 percent increase over the same period last year. By the end of June, our province had received 9.9 percent more revenue than in the same period last year.

In analyzing the economic situation, Comrade Chen Lei pointed out that the most serious problem currently is agriculture, which has been severely hit by natural disasters. Next, shortages of energy, rail transport, capital, and construction materials are affecting production. Third, in spite of fast-increasing economic results in industry during the first 6 months, the level of economic results is still below the national average and below the province's highest level in history. Fourth, some places are not doing so well in safety in production.

In his report Comrade Chen Lei summed up the principal experiences contributing to the achievements. First, emphasis has been given to the key problem of reorganizing and consolidating enterprises. Second, from top levels down, people have begun to give special attention to getting economic results. Third, stress has been put on the "two transfers"--i.e., in industry, emphasis has been transferred from increasing output and output value to ensuring quality, raising levels, and improving management and administration; in commerce, emphasis has been transferred from purchasing to marketing. Fourth, special attention has been given to further implementing the production (economic) responsibility system. Fifth, utilization of abundant resources within the province to build up five bases and develop more than a dozen key products and sectors has initially changed the industrial structure and product structure in our province, opening the way to industrialization in line with our province's own characteristics.

The report put forth the tasks of economic work for the second half of the year: Continue to make improved economic results the central task; organize production, construction, and commodity circulation according to state plans and social needs; do a good job of comprehensive reorganization and consolidation of enterprises; continue to strike at serious economic crimes; and work hard to realize the province's objectives in economic development.

1. The primary task is to promote agricultural production, rise in force and spirit, persist in overcoming the bad effects of natural disasters, and strive to reap good harvests. All regions should take firm hold of this central task; all sectors of work should focus on this objective. In areas where drought still prevails, every effort should continue to be made to overcome the bad effects. In areas where drought has been relieved by rainfall, work should proceed to make full use of the favorable after-rain conditions and to mobilize the masses to do a good job of field management. While work on grain production should by no means be slackened, efforts should also be made to develop a diversified economy, strengthen organization and leadership, not let things drift, try to solve problems in production, processing, and sales, and do everything possible to prevent a reduction in agricultural harvests, even when production drops.

2. Special attention should be given to increasing energy production and economizing on energy use. Energy consumption in the first 6 months has exceeded the quotas, and the gap between supply and demand in the next 6 months will be even wider, so positive measures must be taken to increase energy production and economize on its use. Attention should be given to increasing production of coal mines whose output is for centralized distribution, and to promoting production of small, local coal mines. A thoroughgoing campaign to save energy should be conducted throughout the province. All energy-consuming units should try to increase production by saving energy and to improve economic results by lowering per unit consumption.

3. Continue to give special attention to industrial production in the next 6 months. Continue to give special attention to light industrial production, further bringing into play abundant provincial resources, steadily expanding new products, upgrading them and replacing them with new generations of products, improving quality, and making great efforts to put expansion, innovation, and reform projects into operation so as to yield results as quickly as possible. Machinery and military engineering enterprises, except for those already in full operation, should further reorient their services to meet the needs of the state, and in particular the need to build up the "five bases" within the province--i.e., to readjust their product structure and improve product quality.

4. Make earnest efforts to improve enterprise management, giving primary attention to improving product quality and economic results. It is essential to carry out technical reforms as quickly as possible in order to improve quality. The report also calls on participants to make safety in production a major task over the next 6 months.

5. Continue to stabilize the market and prices and to facilitate the flow of commodity circulation. To maintain market stability, and in so doing to further enliven urban and rural markets, it is necessary in the next 6 months to ensure supplies of grain, vegetables, and pork, to promote close cooperation between industry and commerce, to truly realize the "two transfers," to stabilize the market, and further to develop the excellent situation.

6. Do a still better job of financial, taxation, and monetary work, and strive to realize revenues for this year. To accomplish this task, it is necessary on the one hand to implement policies and on the other hand to promote production and develop the economy. All departments in the province should do an even better job of inspecting and consolidating financial and economic discipline and improving the revenue-expenditure management systems. Strict control should be exercised over revenue expenditures, and what capital there is should be spent on the most essential needs.

7. At the same time that efforts are being made to develop production, work should also be done to improve the people's daily life. Agricultural, financial and trade, and civil administration departments should go to the rural areas to find out how natural disasters have affected the life of rural people, to discover the problems, and to provide timely solutions. Much attention should also be given to such questions of concern to urban residents as housing, vegetable supplies, transportation, health, and social order.

Finally, the report calls on leaders at all levels to go all out and to act with vigor and with a down-to-earth spirit in carrying out their work in the second half of the year. It calls on them to act with initiative, creativity, and militancy, and to overcome difficulties and cultivate the spirit of dedicating one's all to the party, the state, and the people. It calls on them to be in touch with realities, overcome the bureaucratic style of work, try to understand new situations, sum up new experiences, and solve new problems.

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SYSTEM OF RESPONSIBILITY FOR BUSINESS CADRES EXTOLLED

Shanghai CAIJING YANJIU [THE STUDY OF FINANCE AND ECONOMICS] in Chinese No 3, 25 Jun 82 pp 32-36

[Article by Zhu Zhenbang [2612 6966 6721] and Zhu Keqin [2612 0344 0530]: "An Effective Measure for Raising the Efficiency of Business Management"]

[Text] The introduction of the system of responsibility for business cadres, an effective measure for raising the efficiency of business management, represents a vital phase of the system of economic accountability now being pursued by industrial enterprises. Not long ago, we made a preliminary survey of the actual application of the system of responsibility for business cadres by some of the industrial enterprises in Shanghai.

(I)

The system of responsibility for business cadres, which accompanies the inauguration of the system of economic accountability by enterprises, aims at raising the efficiency of business management. In defining the duties and authority commensurate with the position of a cadre, it weighs his responsibility, authority, and benefits. The degree of success and the end result of his performance are rated periodically, in conjunction with the business achievement of the enterprise and his share of benefits, so as to be sure that every cadre responsible for a specific job complies with the established standards of operations and rating. This is designed to eliminate incidences of dislocation of position and responsibility or evasion of accountability.

Judging by the system of responsibility for business cadres applied by a number of enterprises in Shanghai, the procedure by which it operates consists of ratings in terms of points and the awarding of bonuses according to points. This means that the responsibilities of a cadre are in line with his position, that the points he earns depend on the discharge of his responsibilities, and that the bonus he receives depends on the points he earns. The procedures for awarding bonuses according to points are not uniform, because the enterprises differ in their scope of business, their products, and their method of management. Generally speaking, they fall into the following categories:

(1) Rating of itemized targets and awarding of bonuses according to the accumulated points for each item. This works satisfactorily for a well-managed,

stable enterprise that produces on a large scale by assembly lines. Take the Shanghai No 28 Cotton Mill, for example. It rates the itemized technical and economic targets of all its subordinate units down to the level of administrative and technical offices, and stipulates the starting point, basic points, and booster points for each item completed. Each administrative or technical office is in charge of a fixed number of items, but each item may be in a series ranging from 4 or 5 to more than 30, so as to allow all its administrative and technical offices to achieve the same number of basic points. Guided by the principles laid down by its higher authorities for awarding bonuses, the plant management sets aside a quarterly total of bonuses that is in line with its amount of profit realized. The monthly total of bonuses for each office = the points earned by the office x the number of employees x the total amount of bonuses for the whole plant over the points earned by all the offices x the number of employees. At the same time, each office rates every employee by a percentage system to cover the specific requirements, including the fulfillment of his assigned quotas, the quality, quantity, and efficiency of the work done, and the implementation of the management requirements. The monthly bonus of each employee = the points he earned x the amount of bonuses for the office over the total number of points earned by the office.

(2) Rating of written assignments of tasks at different levels and the determination of bonuses by RQC. This works well for an enterprise that operates under abnormal and unstable production conditions, especially the machinery and electrical industries during the period of economic readjustment. Take the Shanghai Transformer Plant, for example. Its manager has to issue written assignments of tasks to its administrative and technical offices in order to accommodate its volatile production programs, and the chief of each office then issues written assignments of tasks to its individual cadres. Every written assignment covers the monthly work quotas (P), the required quality (Q), and the rules for rating both. Each item is rated in terms of points at the end of each month on the strength of the P and Q requirements given in the written assignments, plus the overall management specifications (C). One who accomplishes his task and reaches the required quality level earns on the average 1 point each for the RQC. He may earn more than 1 point for unique contributions. If there are any inadequacies, he earns less than 1 point. The points for RQC may be cut back to zero if he fails to accomplish his major task and falls far below the quality requirement. The points he or his office earns in a month are determined by multiplying the points for the RQC. Consequently, when the point for P, Q or C is zero, the total is zero. By the same token, any minor deduction of points in any of the three would amount to sizable deduction when they are multiplied. This is meant to encourage every office and every cadre to pay close attention to all RQC requirements.

(3) Rules for rating cadres and determining points according to one's position. This works well for an enterprise that produces more or less specified products under stable conditions. It may be used by small enterprises to rate their individual employees, and may also be used by various kinds of enterprises. Take the Shanghai Clothing Factory, for example. Having set up a sound system of responsibility for every position, the factory management rates its cadres in accordance with a consolidated code that itemizes the

rating requirements and commensurate points to be awarded for the principal tasks of each position. Since the responsibilities vary from position to position, more points are accorded to positions with greater responsibility, in order to underscore the principle of distribution according to labor. For instance, the factory manager, who bears the greatest responsibility, is entitled to 135 basic points--37 points over those at the lowest level, and the highest in the whole factory. The points earned by an individual divided by the points of all the cadres times the total amount of bonuses allotted equals the bonus of that individual.

(4) A combination of multiple ratings and devices with prescribed points. This works well for a wide range of enterprises, but is used mostly by the machinery and electrical industries, which operate on highly volatile production schedules. For example, the Renmin Electrical Machinery Plant had used a system of positional responsibilities to rate its administrative and technical offices. But this was unsatisfactory because the rating standards were as vague and elastic as "rubberbands." It finally worked out a book of quality standards (rating standards) for all its departments and offices. To make the rating more precise, each positional responsibility is broken down into 10-12 components of relative weight, and each component is again broken down into minute items or quotas, each with a number of points. The quality rating also covers make-shift assignments--which, due to a lack of careful planning, have become quite prevalent lately. To provide accurate and sufficient data for rating, [the plant] has worked out various devices, such as "carding of information feedback," "tabulation of comments on the monthly awarding of points," and "records of points earned by departments for quality work." These are designed to encourage everybody to speak out during self-rating and mutual rating, to expose contradictions, and to solve problems so as to standardize the quality of work. Rated on a basis of 100 points, an administrative or technical unit must score at least 70 points before its employees can get a monthly bonus of 3 yuan per person. Each employee earns an additional bonus of 0.08 yuan for each point above 70 till the total reaches 2 yuan per person. The bonuses awarded to an office are distributed to the individual employees according to their ratings, instead of being divided equally.

(5) Rating recording to an established quota of man-hours. This works well only for a design unit which turns "products." Take the Shanghai Transformer Plant, for example. Its design office selects, in the light of its experience, a given product as representative and establishes the standard quota of man-hours required to design it. A coefficient for a similar product is worked out, depending on its complexity. Task coefficients and positional coefficients are established for such tasks as electromagnetic designing and structural designing, and for such jobs as designing, proofreading, investigations, and certification. Thus, the standard man-hours accredited to each individual may be figured out from the design tasks he accomplishes in a given month. To delimit position and responsibility and ensure the quality of design, the design office has set up standards for the awarding and withholding of achievement points. It also has established the coefficients of positional responsibilities for various categories of jobs in order to determine the points to be awarded for jobs done at a specific post. To determine the bonuses

to be awarded, the ratio between the points actually earned and those that should be earned is multiplied at the end of a given month by the ratio between the man-hours quota and the man-hours actually spent.

The rating of business cadres by a system of responsibility rests primarily on quality evaluations. Those enterprises which experiment with the system generally use a combination of several devices. First, there is the rating of time spent to accomplish a given task; this covers such inquiries as whether the supply office is punctual in providing raw materials, whether the sales office is punctual in shipping the products, and whether the required reports and forms are delivered on time. Second, a spot check for errors covers such questions as whether bookkeepers have made entries clearly, punctually, and accurately; whether the data entered in the forms and reports are true; and whether any inspectors have skipped any products required to be inspected. Third, collection of information feedback both in and outside the plant covers comments by the production workshops on the quality of work done by the design, planning, and processing units, and the comments of the end users as to the quality of the products. These provide a frame of reference to rate the quality of work done by the offices concerned. Fourth, the rating by the masses includes mass discussions on the quality of work done by the logistics and service departments.

(II)

Those enterprises in Shanghai which have experimented with the system of responsibility for business cadres are pleased with the results, especially in the following areas:

- (1) Strict and fair rewards and penalties have put an end to egalitarianism in awarding bonuses to business cadres.

Although the reinstatement of the bonus system has led industrial enterprises to adopt various procedures to determine production-oriented bonuses for workers at the production front, bonuses for business cadres are still based on the average of bonuses for the staff and workers, irrespective of the amount of work involved. Some enterprises have tried to "appraise" the work of their cadres in order to provide different grades of bonuses. However, due to lack of specific standards of appraisal, they are still influenced by egalitarianism. Only those enterprises which have adopted the system of responsibility for business cadres are awarding bonuses according to points--a system based on strict and fair rewards and penalties instead of on egalitarianism. Take the rating of the manager of the Shanghai Clothing Factory last year, for example. He scored full marks for three consecutive months in the year. However, due to poor labor discipline and changes in the product lines, the plant failed in February to fulfill its output value and profit quotas. The plant manager was fined 34 points for his failure to act effectively to tighten labor discipline and step up production. The Shanghai Shoe Factory offers another example. Besides monthly ratings and bonuses according to points, it also rates the head and his deputy in every department semiannually on "overfulfillment of economic and technical quotas" and on

the "successful completion of basic departmental tasks." Anyone who does well on both scores is entitled to a bonus. The high-level controlling corporations also award bonuses to the leading factory-level cadres of any enterprise which successfully meets its quotas. These are some initial attempts to deal with the anomaly that "more work doesn't earn more; less work doesn't earn less."

(2) The system inculcates into cadres at all levels a stronger sense of responsibility, and enhances more efficient managements.

Lack of delimitation of the positions and responsibilities of business cadres, dislocation of their responsibilities and power, and poor management were responsible for poor economic effectiveness in some enterprises in the past. The adoption of the system of responsibility for business cadres has not only inculcated in them a stronger sense of responsibility but also enabled them to shoulder the responsibilities commensurate with their positions. The purchasing agents of the Shanghai Cutting Tools Plant, for instance, have become extremely cost-conscious since the plant began rating them on the way they handle the quota of purchasing funds allotted to the Supply Office. Last year, these purchasing agents combed the mills in both Shanghai and other localities and bought, at a savings of 100,000 yuan, the most suitable and reasonably priced steel products for the plant to make cutting tools. The introduction of the system of responsibility for business cadres also helps some enterprises improve the lateral relations of their different departments and offices. No longer plagued by "slackness," "laziness," and "sloppiness," the cadres turn their attention to study efficiency and economic effectiveness. The Renmin Electrical Machine Factory has been ineffective as a business entity due to departmental selfishness and disoriented management. Since its adoption of the system of responsibility for business cadres in 1979, its departments and offices have been very conscientious about their responsibilities and about the need to work together to overcome departmental selfishness. Its finance and quality inspection offices have revamped the management of the financial and quality control operations by imposing all-out quality control of products and a two-tier economic accounting for the whole plant. New leadership style, higher efficiency, and more effective management have led to greater economic effectiveness. It is now the most advanced unit of its kind in China.

(3) It encourages business cadres to study scientific management and business know-how.

The system of responsibility for business cadres adopted by the enterprises encourages their cadres to study scientific management and business know-how to improve their own skill. The campaign to select an "office with quality work" launched by the Shanghai Transformer Plant has prompted its sales office to study salesmanship. It has compiled over 3,500 customer files based both on the sales experience of the plant and on an analysis of the market in general, the particular line of trade, and the enterprise itself. Using its study and analysis of customers' psychology as a basis, it has worked out 16 different sales procedures, formulated its sales, product, pricing and diversification strategies, and produced a sales flow chart. Having mastered

the art of market analysis, forecast, and decision-making, it is able to make accurate assessments of the sales trend of the plant's principle products. These help the enterprise to formulate rational production plans.

(4) It has set up a system of responsibility within enterprises to help discharge more effectively the economic tasks they receive from the state.

The system of responsibility for business cadres, by linking together the different areas of responsibility within an enterprise, eases the contradiction between cadres and workers brought on by the former, who, motivated by bonuses, ask for "full returns no matter what the conditions are." It also saves management from the anomaly that "while the plant manager worries about reaching the production targets and the workers strive to fulfill their quotas, the cadres are not responsible for anything." This new system of internal responsibilities, which holds "the leadership responsible for the major targets (various economic and technical targets by which the state rates an enterprise), the business cadres at all levels responsible for the secondary targets (different components of the major economic and technical targets of an enterprise), and the production workers responsible for fulfilling their quotas," ensures that the economic tasks of an enterprise are handed down and carried out level by level.

(III)

The system of responsibility for business cadres which has been adopted only recently by some enterprises does not have enough experience to go by. It therefore faces a number of problems as it is being implemented. Judging from the experience of those enterprises which experimented with the system, the following points are worth noting.

(1) Rating of the administration of the system of responsibility for business cadres should be handled by a person especially appointed to the factory manager's office.

Today, rating of the system of responsibility for business cadres is handled in a number of ways, varying from one enterprise to another. The [rating] is administered in some enterprises by a business management office, in some by a workers' wage office, in another by the factory manager's or chief engineer's office, and in still another by its political bureau and the workers' representation committee jointly. The business management office that enjoys exclusive jurisdiction over the rating of the system of responsibility for business cadres ranks just "half a notch" above the enterprise's administrative and technical offices but below the factory manager. This, however, tends to proliferate the organizational echelons of the enterprise. At both the No 28 Cotton Mill and the No 1 Enamel Factory in Shanghai, the day-to-day rating of the business cadres is handled by a full-time officer in the factory manager's office, through which the manager exercises direct control over the rating of his business cadres. This is a better structural setup for strengthening the leadership of the manager in managing the plant's production process.

(2) The basic work must be consolidated to ensure better management of information and more accurate ratings.

"Information feedback" is widely used as a means of rating by every enterprise in order to keep itself abreast of the work and the mutual relations of its different departments. The information from various departments reflects not only the end result of the work of a department and that of other related departments, but also the transmission of job assignments and requests for cooperation between departments. Many enterprises have included the latter sources of information and the actions taken in connection therewith as subjects for rating. The information therefore transmits messages on actual business operations and serves as a feedback on the rating of the system of responsibilities for business cadres. At present, some enterprises do not have enough firsthand information for accurate rating and quality management because the collection of information is not handled by a specific organ in accordance with precise procedures. A well-managed system of information, a basic function of the functional office, is vital to more effective functional control. They ought to start from scratch to update their original records, preserve and accumulate vitally important original data, and keep complete files of different categories of information. There must be specific procedures and a means of feeding and transmitting information managed by an information control center, so as to avoid confusion in the use and management of information and to ensure unobstructed collection, transmission, and feedback of information.

(3) Differentiate between the degrees of difficulties involved in accomplishing the various targets; determine rationally and revise continually the basic points accorded to each specific quota.

When the enterprises switched from a system of positional responsibility to a system of responsibility for business cadres, they went all out to replace the rigid stipulations to basic quotas, and laid down minute rules to make rating, checking, and cross-checking easier. The target quotas subject to rating fall into two categories--namely, those to be rated jointly by several administrative and technical offices, on the one hand, and those to be rated by the functional office alone. When a target is to be rated by several offices jointly, its basic points are determined by a coefficient derived from the scope of its responsibilities. The targets to be rated by the functional office of an enterprise are so diversified and incomparable that the basic points determined are often inaccurate. The outcome of ratings by the functional offices of the various enterprises shows that the degree of difficulty in accomplishing the targets differs vastly from one office to another. For example, a production planning office is rated by quantitative production targets, while a safety office is rated by the frequency of industrial injuries (the rate of industrial accidents). The production planning office would have an easy time accomplishing those targets that are the primary concern of the industrial cadres. The industrial accident targets, which are under tighter control by the higher authorities but are left on the backburner by the enterprises, are more difficult to accomplish. As a result, the industrial safety offices of most enterprises often earn very few points in the monthly ratings, and this tends to kill the enthusiasm of the cadres. The

same is true with many other offices. The reason is that the targets were not set in line with the degree of difficulty involved in accomplishing them. It is necessary to adjust the basic points of those targets which are more difficult to accomplish and those not accorded enough basic points. The standard of rating should be revised continually, and the points of rating accorded those offices which are rated separately by functions should be well balanced so as to preserve the morale of all administrative and technical units.

(4) Pay close attention to training business cadres, and keep files on their ratings by the system of responsibility for business cadres.

In recent years, industrial enterprises have turned their attention to the education and technical training of their staff and workers. The focus, however, has been on imparting production skills to workers at the production line, while very little [emphasis has been paid to] management know-how for business cadres. Since cadre training and the system of responsibility for business cadres are two complementary measures for raising the managerial capability of the cadres, enterprises should create conditions conducive to programmed efforts designed to encourage their cadres to study business, management, science, and technology, and to test them at the end of each course. The rating of cadres by the responsibility system is a good indicator of their professional capability and dedication. In a word, ratings and tests should be used to provide data on the evaluation of business cadres, as well as a basis for job descriptions, promotions, and pay increases.

(5) To close the gap between responsibilities and benefits, enterprises should have more decision-making authority to combine their own wage system and the wage schedule set by the state.

The current system of responsibility for business cadres, geared exclusively to the awarding of bonuses, does not reflect any significant difference in bonuses awarded to cadres with different responsibilities, nor any substantial difference in "economic benefits." Generally speaking, the monthly bonuses awarded to cadres at all levels vary from a fraction of 1 yuan to at most 3 or 5 yuan. The cadres at some enterprises consider this a "mini-adjustment." That is bad for their morale. It must be pointed out that the rating of cadres for bonuses is only the first step. The positive impact of rating cadres by a system of responsibility would be more pronounced if the egalitarian wage scale were scrapped. For the immediate future, it is worth considering whether to grant more decision-making authority to enterprises to combine the industry's own wage system and the wage schedule set by the state. Reduce the ratio of funds withheld by the enterprises for bonuses and welfare in order to make funds available for the establishment of the industry's own wage system which an enterprise may use to pay booster wages to successful cadres charged with heavy responsibilities, model workers, and workers with outstanding technical skills, or to pay job and responsibility subsidies to those cadres who are optional appointees or are hired on probation, so as to narrow the gap between grades and contributions on the one hand and real wages on the other. A portion of cadres wages may remain flexible in order to allow deductions as penalties for job failure. The penalties deducted from wages would become a part of the industry's wage fund. Thus, the awarding of wages and bonuses would help close the gap between responsibility and personal benefit, and would be a step toward realizing the principle of distribution according to labor.

ECONOMIC MANAGEMENT

CONFERENCE ON CONSOLIDATION OF ENTERPRISES HELD IN SHANDONG

Jinan DAZHONG RIBAO in Chinese 4 Aug 82 p 1

[Article: "The Provincial Party Committee and Provincial Government Hold a Provincial Forum on the Consolidation of Enterprises, Stressing that the Consolidation of Enterprises is to be Taken as an Important Task to be Done Thoroughly"]

[Text] From 29 July to 2 August, the Shandong Provincial Party Committee and Provincial Government held a forum on enterprise consolidation work in Shandong. Experiences in enterprise consolidation work on the frontlines of industry, communications, finance, trade, and capital construction, were summarized and exchanged at the meeting. The enterprise consolidation tasks for the second half of 1982 were studied. Vice Governor Liu Peng [0491 7720] communicated the spirit of the national forum on enterprise consolidation work, and Comrade Qin Hezhen [4440 0735 3791], provincial party committee secretary, presented a report to the meeting. The conference was attended by responsible persons in industrial and communications work in various localities and municipalities; responsible persons from the economic commissions, finance commissions, construction commissions, organization departments, labor unions, CYL, and such departments as finance and labor, of the localities and municipalities; as well as responsible persons from concerned departments directly under the provincial government.

The state of enterprise consolidation work in Shandong in the first half of 1982 was summarized and analyzed. Enterprise consolidation work on the frontlines of industry, communications, finance, trade, and capital construction, has generally gone well in Shandong. Judging from some units which have made relatively rapid progress and grasped the work well, the initial stages of enterprise consolidation work have already been completed. At present we have already entered into the stage of the "five tasks" of systematic consolidation, and have won some conspicuous achievements. First, by carrying out enterprise consolidation with the improvement of economic results as the central concern, there has been a fairly conspicuous improvement in economic results. Second, by studying the experiences of the Capital Iron and Steel Mill and conscientiously consolidating and perfecting the economic responsibility system, managerial and administrative work--especially basic work--has been strengthened. Third, by combining a general examination of enterprise finances with ethics and courtesy month activities, and a crackdown on serious criminal activities in the economic sphere, labor discipline and financial discipline have been strengthened in the

enterprises. Fourth, by carrying out education among the staffs and workers on such matters as being one's own master, the economic situation, and fighting corruption, consciousness among staffs and workers has been raised, and their spiritual outlook has been transformed. Fifth, some enterprises, in response to the needs of the four modernizations, have taken the first steps to consolidate the leading groups so that enterprise leadership can be strengthened. However, we must not overestimate enterprise consolidation work in Shandong: we must attend to the many problems that remain. Some localities and units do not have an adequate understanding of the importance of enterprise consolidation. Leadership is not strong enough and consolidation work is still not on the agenda of important tasks. Some of the locally assigned investigation teams are lacking in key members and in strength; they do not stay around long and are not much help. Some enterprises experience great difficulty in consolidation, and many enterprises have not made much progress in policy-related work. Some localities and units lower standards and just go through the motions.

The meeting confirmed that to consolidate enterprises well, it is first necessary to solve the problems of furthering the understanding of leaders at various levels, adjusting organizational positions, concentrating strength, and strengthening leadership. It was emphatically pointed out that the good, comprehensive consolidation of enterprises is no ordinary task, but is an important policy orientation for developing national economic construction, a major policy for realizing a fundamental turn for the better in our national economic situation, and a fundamental measure to lay the foundations for national economic take-off in the 90's. In all of our enterprises' various projects, consolidation should be the central issue, and they should be brought onto the track of consolidation. The meeting called upon the party committees and governments at various levels to set up specially selected working bodies to consolidate enterprises, to really put enterprise consolidation on the agenda, and to make it an important task to be carried out well and with diligence.

The meeting studied some of the policy-related tasks in enterprise consolidation which are difficult to do well. First, consolidating the grassroots organizations of the party, constructing well the enterprises' leading groups, and setting up sound enterprise leadership systems. Leadership groups at all levels should be well consolidated and constructed, in accordance with the demand of the party central committee to make the cadres "more revolutionary, younger in average age, better educated, and more professionally competent." Many professional and technical cadres who are in the prime of life, are both virtuous and talented, and have organizational and leadership abilities, should be promoted into the leading groups. Good ideological work must be done among cadres who are to be released, and proper arrangements should be made for them. Problems involving the division of work between party and government must be resolved. The party committees of enterprises must put their main efforts into carrying out the guiding principles and policies of the party, strengthening party building, and ideological-political work. Management of production in the enterprises should be under the unified direction of the plant director, having complete responsibility and fully playing the role of directing the production management system. Second, consolidating the organization of labor, and organizing production with fixed numbers of personnel and fixed quotas. Through consolidation, personnel on the frontline of production should be increased, while non-productive

personnel are cut back. After fixing numbers of personnel and quotas, superfluous personnel should be released. Arrangements should be made for them by operating training centers, labor service companies, and household service companies. Third, in consolidating enterprise management, we must combine temporary and permanent solutions to problems, and work hard to lay foundations and raise standards. At the present time, emphasis should be placed on consolidating and strengthening data management such as original records, statistics, measurements, and examinations; to set correct, up-to-date, complete, and sound quotas; and to improve control by quotas. Sound systems of personal responsibility, technical control, equipment control, etc., and other basic systems should be set up. Fourth, carrying out consolidation at the same time above and below. Work hard to improve the work style of leading bodies.

The conference emphatically pointed out that in order to do the work of enterprise consolidation well, it is necessary to draw experience from selected units to promote overall work and to help one another forward. It is necessary to concentrate strength: to focus on the points of enterprise consolidation work and also to strengthen leadership in the entire area of enterprise consolidation work. Be firm in upholding high standards and keeping demands strict. Time must give way to quality, and we must guard against just going through the motions. In the process of consolidation, concentrate on doing a good job on the "five tasks" of consolidation. On the basis of their own actual conditions, each industry can set up good models by making one or two points into "six enterprises." Any enterprises which fulfill the "five tasks" and find themselves through inspection to be up to standard, should be checked in stages and groups by teams of experts organized by the departments in charge. Those enterprises which are checked out and found up to standard should be awarded certificates of inspection, while those which do not meet consolidation standards should continue to consolidate in the coming year. We should strive to basically complete the work of checking up on enterprise consolidation by the end of the year.

12187

CSO: 4006/620

FINANCE AND BANKING

UTILIZATION OF EXTRA-BUDGETARY FUNDS DETAILED

Nanjing XINHUA RIBAO in Chinese 21 Sep 82 p 1

[Article: "Our Province Is Concentrating Extra-Budgetary Funds to Develop the Production of Energy Resources and The Raw Materials Industry"]

[Text] The provincial government recently decided that, starting this year, we should concentrate a portion of the extra-budgetary funds every year for developing the production of energy resources such as coal, electricity, the petrochemical industry and raw materials industry. This is a strategic measure that is related to the entire situation as well as to the long term demands of our province's national economy and social development. It is also an important component in further implementing the policy of readjusting the national economy.

Presently, our province is raising extra-budgetary funds for the following four construction projects: The first is coal; concentrate on developing the Fengpei Mining District. The second is developing electrical power resources--invest in and speed up the building of the Jianbi Electrical Power Plant. The third is participation in the building of the Yizheng Synthetic Fiber Joint Company. The fourth is the participation in building a 300,000 ton ethylene engineering project for the Nanjing Chemical Industrial Company.

Our province's industry has a good base but the supply of energy resources and raw materials is inadequate. In recent years, there is a shortage of more than 6 million tons of coal every year. In order to meet the needs of the continual growth of industrial production, we must expand coal production while practicing conservation and coordination on a large scale. But where should we go for funds? In light of the present situation, the income outside the budget is the main source. With the implementation of such measures as systems reform, financial resources redistribution and expansion of enterprise independence, the extra-budgetary funds are increasing daily, and they are not always used appropriately. Investigations have shown that this year, plans have been made to use over 20 billion yuan from the extra-budgetary income in basic construction projects, the majority of which are production projects to develop the processing industry. This has intensified the contradiction between fuel and raw material and the processing industry.

The provincial government held that, in order to further implement the policy of readjustment, it is necessary to channel the use of extra-budgetary

funds and concentrate a portion of the extra-budgetary funds on the building of energy resources and the raw materials industry. Concerned departments in the province estimated that raising some 3 billion yuan from the extra-budgetary funds every year will be sufficient for the building of key projects in developing energy resources and raw materials industry. At the same time, they will not affect the credit balance and the technical transformation of the old enterprises.

The method of raising extra-budgetary funds will be a combination of administrative intervention and economic measures. This year, the plan is to raise 3 billion yuan. The province will raise 2 billion yuan, the remaining 1 billion yuan will be raised and used by the various localities and municipalities. The concerned departments of the province will assign quotas regarding the funds to be raised by the province and the government departments at various levels will mobilize and raise the funds through the banks. The funds that are raised by the province will be handled in the form of repayment of capital with interest. After the projects are completed and have begun production, appropriately divide the profit from the products (including electrical power) in proportion with the investment. These products will be calculated separately from the distribution in the plans and will not be considered together. If payment cannot be made in full that year, it can be made up in the following year.

At present, the quota for extra-budgetary funds to be raised by the province has been assigned. Concerned offices and bureaus of the various localities and municipalities and provincial government organs are taking the entire situation into consideration and are paying close attention to the work and conscientiously implementing the task of raising extra-budgetary funds.

9335

CSO: 4006/039

FINANCE AND BANKING

YUNNAN OVERFULFILLS REVENUE GOALS IN FIRST HALF OF 1982

Kunming YUNNAN RIBAO in Chinese 30 Jul 82 p 1

[Article by Zhao Yu [6392 6877]: "Yunnan Overfulfills Financial Revenue Goals for First Half of 1982--Revenue for the Same Period Last Year Exceeded by 129 Million Yuan"]

[Text] At a meeting of finance bureau chiefs from prefectures and municipalities throughout Yunnan, it was announced that by the end of June Yunnan's financial revenues had reached 64.7 percent of the amount budgeted for the year, and 50.7 percent of the targeted revenue increases. This represents a 23.5 percent increase over the comparable figures in the same period last year, or an increase in revenue of 129 million yuan.

The reasons for the successful fulfillment of the financial revenue plans in the first half of 1982 are:

(1) Last year Yunnan enjoyed all-round good harvests, with substantial increases in both grain and cash crops. This laid the material foundation for ample supplies of raw materials for light industrial production, lively markets, and an increase in financial revenue in the current year. The taxes on just four commodities--cigarettes, sugar, liquor, and tea--generated an increase of 65 million yuan in revenues in the first half of 1982.

(2) In their economic work for 1982, the provincial party committee and the provincial people's government made arrangements early, got a good grip on things, and took concrete measures. All of the production plans and financial budgets had been basically implemented at the various levels and departments by the end of 1981 or the beginning of 1982. In the first half of 1982 industrial production kept up the momentum of the production increases of the last half of 1981. As industrial production increased, industrial revenues also showed a huge increase over the same period last year.

(3) The various levels and departments have worked on consolidating enterprises and a general checkup on enterprise finances. This has strengthened controls, reduced poor performance and improved economic results. Compared with the same period last year, in the first half of 1982 the output value of state-operated industries included in the budgets has increased by 19.8 percent, sales receipts have increased 21 percent, costs have been lowered 0.4 percent, and realized profits have increased 63 percent. The general checkup on enterprise finances recovered some illegal funds which should have been turned over to the finance bureaus.

FINANCE AND BANKING

BRIEFS

SAVINGS DEPOSITS IN YUNNAN--According to the statistics of the People's Bank in Yunnan, savings deposits in the cities and towns of Yunnan showed a net increase of 100,180,000 yuan in the first half of 1982. This amount is 83.5 percent of the planned total for the year, and is 39 percent greater than the amount for the same period last year. Such prefectures as Yuxi, Dehong, and Degen, and 42 counties, have already fulfilled or surpassed the annual plan ahead of time. Beginning this year the people's income has increased and the supply of commodities has improved. The masses no longer "clutch their money and rush to purchase," but now "save their money and choose their purchases." Enthusiasm for saving is especially high. The various levels of the People's Bank have been active in adding to the network of savings banks, intensifying propaganda for saving, and improving service, and have thereby spurred on the increases in savings. According to the statistics, since 1978, 114 savings banks have been built, rebuilt, or expanded in Yunnan. These savings banks alone have shown a net increase in savings deposits of 40 million yuan in the first half of the year. [By Fan Hepeng [5400 7729 7720] and Su Kexun [5685 0344 3169] [Text] [Kunming YUNNAN RIBAO in Chinese 31 Jul 82 p 1]

12187

CSO: 4006/620

MINERAL RESOURCES

CONFERENCE ON MEASURES TO DEVELOP COAL PRODUCTION HELD

Shijiazhuang HEBEI RIBAO in Chinese 19 Sep 82 p 1

[Article by Staff Correspondent Fang Lei [2455 4320] and Staff Reporter Liu Wenbo [0491 2429 3134]: "While Grasping the Work of Tapping Potentials of Old Mines, Accelerate the Task of Prospecting of Mineral Resources and Building of New Mines"]

[Text] Comrade Deng Xiaoping in his opening speech at the 12th CPC National Congress and Comrade Hu Yaobang in his report sent out a mobilization call to the people throughout the country to head toward the great goal of the year 2000. This has greatly motivated the broad masses of staff members and workers on our provincial coal front. The leading members of the provincial bureau of coal mining and the intermediate cadres of the bureau studied and discussed the strategic focus of economic construction and further strengthened their confidence in promoting coal production on a large scale. They unanimously agreed that in developing the coal production in our province, they should concentrate on tapping the potential of old mines and transforming them as well as emphasizing the work of prospecting mineral resources and building new mines so as to provide as much fine quality coal as possible for the realization of the great goal set forth by the party Central Committee.

Through discussion and study, the participants profoundly realized that coal is the major energy source of the country at present and the basis for economic construction. Our province has abundant coal reserves, a complete variety of coal products, a long history of mining, a relatively abundant technical force, a fine geographical location and a convenient transportation system. In the next 10 to 20 years, it will play an effective role in the national economy.

At present, our province ranks second in the country in coal output. It shoulders the task of providing 17 provinces and municipalities with coal for industrial use, coal for civilian use and coal for export. We must strive to find new ways to develop coal production and produce more and better coal to meet the needs of the development of the national economy. This means that expanding re-production is an important measure in increasing production and stabilizing production at present. In recent years, through tapping the potential of the mines, transforming and expanding them, through raising the standard of mechanization in mining and through further improving safety measures, the productivity of the mines has been markedly raised and the

average production level of the mines reached 128 percent of the design capacity. From now on, we must adopt different policies for individual situations so as to give full play to the roles of the old mines. We should further expand and transform the 16 mines that have abundant reserve and better conditions so as to increase their production and compensate for the reduction in production of these old mines. We must appropriately carry out technical transformation on the 13 mines that do not have abundant reserves but that can still render a definite number of years of service so as to stabilize their production. As for the 23 aging mines that are near exhaustion, we must strive to tap their potential resource and lengthen their service life.

To attain the great strategic objective, the coal front not only should work hard on tapping the potential of old mines, but should expand and reach out and accelerate the building of new mines and prospecting of resources. The comrades who participated in the discussion happily talked about the very heartening prospect of the development of the coal industry in our province. Our province plans to build 21 new mines by the end of this century, with an increase of 2.51 million tons in design capacity, which will double the design capacity of our present mines. We will have 8 coal washing factories that are capable of handling 1.89 million tons. We must also actively conduct the work of prospecting and looking for mineral deposits on a general scale. In the next 10 years, the province will select 58 outstanding districts for launching prospecting and looking for mineral deposits on a general scale. In prospecting work, we must march toward kilometers and create the conditions for excavating more and better coal resources.

The comrades who are responsible for production in locally-administered coal mines pointed out that locally-administered coal mines form an important force on the provincial coal front and should render designated contributions to attaining the great strategic objective. Our province is one of the nine provinces of locally-administered coal mines with an annual yield of over 10 million tons, and made up 25 percent of the coal output of the entire province. For many years, these mines have played an important role in promoting the development of local industries in our province, providing the masses with coal for daily use, and supporting industrial and agricultural production. In the future, the locally-administered coal mines not only must consolidate their existing front, but must continue to make advances and develop steadily ahead. It is necessary to build core mines, continue to carry out technical transformation on and link up the existing active mines so as to increase productivity; nurture and rectify commune and production brigade coal mines and do a good job of safety production; and raise the rate of recovery of resources and increase the service life of the mines.

An extremely important key is to strengthen scientific research, do a good job of training, raise the standard of the broad masses of cadres, staff members and workers in the coal mines. The task of coal mining science and technology must stand in the front of the coal industry, closely integrate the needs in the development of coal construction in our province with the key problems that need to be resolved, actively adopt new techniques, new equipment and new skills to actively organize and bring about a new breakthrough.

One key is the handling of grey water at the Hanxing coal base, since solving the excavation of the lower three levels of coal can increase the excavation of reserves by 49 percent. The second key is the solution to the problem of deep excavation at the Kailuan Coal District, which will lengthen the service life of this existing mine. The third key is to strengthen the research in coal excavation of "three beneaths" (beneath buildings, beneath railroads, and beneath river beds) in order to liberate the reserves that are lying idle. At present, the quantity and quality of specialized personnel in our provincial coal system is far from adequate, which is lower than the 2.8 percent designated by the state in 1982. We must make full use of and speed up the development of the existing coal mining institutions of higher learning, worker universities, cadres schools and technical schools, do a good job of training and raising the cultural and technical standards of the coal rank in order to meet the needs of the four modernizations.

9335

CSO: 4006/039

CONSTRUCTION

WORK TO ACCELERATE RATE OF CAPITAL CONSTRUCTION CONTINUING IN NINGXIA

Yinchuan NINGXIA RIBAO in Chinese 30 Jul 82 p 1

[Article by the Regional Construction Commission: "Shorten Construction Periods--Improve Investment Results--Capital Construction Progressed Rapidly in Ningxia in the First Half of 1982--State Construction Projects With an Area of 132,000 Square Meters Completed--An Increase of 33 Percent Over the Same Period Last Year--General Rate of Labor Productivity Increased 33 Percent"]

[Text] On the capital construction front in Ningxia, efforts have been made to shorten construction periods and to improve investment results. Capital investment in the first half of 1982 exceeded last year's figure for the same period by 40 percent. State construction projects with an area of 132,000 square meters were completed, representing an increase of 33 percent over the same period last year. The general rate of labor productivity increased 33 percent.

At the beginning of the year the Ningxia Autonomous Region Construction Commission and the concerned departments and units divided up construction assignments. Balanced and reasonable arrangements were made in accordance with the construction capabilities of the various localities and departments. Important national projects, and projects planned to be completed and put into operation or turned over to users during the year, were given precedence in the arrangements and were guaranteed construction personnel. The construction tasks were assigned in a reasonable way and plans were made known to the lower levels early, so that concerned departments were able to take care of the early stages of the projects and prepare for construction, creating the conditions for work and allowing construction to begin as soon as possible. In the first quarter momentum picked up: there were almost half as many construction projects as in the same period last year, and completed investment increased by 31 percent.

On the basis of realistic construction plans, the capital construction departments of every level vigorously promoted the speed of the projects. For construction projects within the plans, progress requirements were set, construction periods were clearly specified, inspections were made at specified times, coordination was organized, and problems which could obstruct progress on the projects were resolved without delay. The newly constructed cold storage facilities in Yinchuan was one of the 18 important construction projects scheduled for completion this year in Ningxia. Progress on the project was affected because

some of the materials were not ready at the beginning of the year. The regional construction commission met with the concerned departments at the construction site to study the problem. They set up a system whereby they met every Friday to settle problems concerning such things as building materials and construction personnel one by one, by June the pace had caught up. The great majority of the 18 important construction projects in Ningxia basically attained their planned rate of progress.

This year the various construction enterprises actively promoted all-round quality control. The majority of the enterprises improved the quality of their engineering. Ningxia's Jiansan Corporation was responsible for constructing the dyeing and finishing shop of the Lingwu Wool Plant. The shop has an area of 5,000 square meters and represents an investment of 2,450,000 yuan. It was completed 10 days ahead of schedule and entered into production in less than a year, because of improved controls by the corporation. Engineering quality was also high. Various construction enterprises have responded to the severe shortage of wood construction materials in Ningxia by encouraging the substitution of steel for wood, and expanding the use of steel window frames, steel scaffolding, steel forms, etc. According to incomplete statistics, altogether 4,000 cubic meters of lumber have been saved during the first half of the year.

12187

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DOMESTIC TRADE

GUANGDONG FARMERS' MARKET TRADE UP BY 20 PERCENT

Guangzhou NANFANG RIBAO in Chinese 12 Aug 82 p 1

[Article by Shen Xiang [3088 4161] and Wu Ling [0702 3781]: "Guangdong's Farmers' Markets Are Thriving"]

[Text] Guangdong's industrial and commercial administrative departments are paying great attention to the establishment and management of farm markets in the urban and rural areas. The appearance of the farm trade markets of all localities has changed considerably, with purchasing and sales of agricultural and sideline products flourishing. According to the statistics of the relevant departments, the volume of trade at the province's country fairs during the first half of this year reached over 1,763,000 yuan, an increase of 20 percent over the same period of 1981, providing a useful complement to state commerce.

Over the past 2 years, the industrial and commercial administrative departments of various areas have taken the establishment and management of farm markets as an important matter which must be dealt with in enlivening urban-rural markets. They have restored, one after another, a bunch of former markets and have newly set up a bunch of new ones. Incomplete statistics show that the province's 1981 investment in establishing urban-rural farmers' markets reached over 17 million yuan, while the area of construction reached over 460,000 square meters, increases of 47 and 132 percent respectively over 1980. This year, the various localities in Guangdong have paid even more attention to strengthening the construction of markets and have recovered 50 percent of their market management fees, a total in excess of 9.7 million yuan, for the construction of markets. The construction area has reached over 236,000 square meters, equivalent to 51 percent of the total for last year. Many places have changed the situation where trade is done out in the open, baked by the sun and drenched by the rain. Among these, some markets' internal facilities have undergone the "three transformations": providing the marketplace with a hard floor, putting glazed tiles on the high sales counters and arranging sales in an orderly manner.

In their management of the farm markets in the urban and rural areas, the industrial and commercial administrative departments of the various localities have held to the principle of "lively but not chaotic, manage without stifling," and, while ensuring the precedence of the socialist planned economy,

They have striven to enliven the markets while strengthening their lookout and investigation and handling of speculation and rule-breaking activities in order to guarantee the healthy development of the country fairs.

At the same time, a number of urban-rural industrial and commercial departments have also taken the provision of market services as an important kind of work necessary to enliven the market and to make matters convenient for the masses. They have set up service desks within the market to provide the masses with free search and exchange of odds and ends, with counting, and with reweighing. Some also rent out items such as benches, bamboo hats and scales. In a place contiguous to Gaozhou and Huazhou counties, there is a Lianjie Farm Cattle Market. In order to make the trade of the masses more convenient, they set up a special cattle market service department, which set up 323 square meters of housing and cattle pens, where they can not only provide shelter for "cattle guests" arriving from afar, but also manage the cattle, find fodder, graze the cattle, do transit transportation and store funds and commodities on behalf of the traders. In consequence, many people are willing to come here from quite a distance to trade cattle. This is gradually becoming a farm cattle coordination center for Guangdong and Guangxi.

Nonetheless, the development of construction and management work of the farmers' markets is uneven. Some country farms are still crowded, dirty, and chaotic, and urgently need to be improved further.

CSO: 4006/637

DOMESTIC TRADE

COUNTRY INTENSIFIES TRAINING OF COMMERCIAL WORKERS

W261258 Beijing XINHUA in English 1216 GMT 26 Oct 82

[Text] Beijing, 26 Oct (XINHUA)--Over the past 3 years China has mounted a massive training program to update the managerial skills and general cultural knowledge of commercial cadres and workers, according to the Ministry of Commerce.

This program has enabled 60 percent of the 1.3 million commercial cadres to learn more about the basic theories of socialist economy and management. In addition, 300,000 young and middle-aged commercial workers have received training and passed the test for general knowledge. This is the largest scale training scheme undertaken since liberation in 1949, the Ministry of Commerce said.

The Ministry reported that there are now 13.57 million commercial workers in the country and that their general educational level was low. Among the more than 1.3 million commercial cadres, only 5 percent have acquired college training. It is an urgent task to raise the educational level of the commercial workers and prepare them for a vigorous development of the national economy, the ministry said.

Since 1978, the country has run 657 schools at the provincial and prefectural levels for cadres in charge of commerce, grain supply, grassroots level shops and supply and marketing cooperatives. In addition, 4,036 schools have been established to offer commercial and general courses to commercial workers. The "T.V. University" also attracted thousands of people in single course or complete course studies.

In order to meet rapidly developing commercial needs, the ministry has reopened the five colleges of commerce that were closed during the "cultural revolution" and opened a number of new ones. The present total enrollment is running 9,000, 10 times that in 1978. The number of commercial technical schools at the intermediate level increased to 353 as against only 195 in 1978. The present enrollment has come to 78,000, more than double the 1978 figure. But still they are short of demand, the ministry said.

A plan is under way to triple the present enrollment of college students by 1990 and regularize the cadres and commercial workers training schools in 3 to 5 years, the ministry said.

(S) (10/1)

DOMESTIC TRADE

COMMERCIAL NETWORKS IN URBAN, RURAL AREAS DEVELOPING

Guangzhou NANFANG RIBAO in Chinese 22 Sep 82 p 1

[Article by Gou Yu [0948 3842] and Wu Ling [0702 3781]: "Commercial Networks in Our Province are Developing on a Large Scale"]

[Text] Over the last 3 years, the urban and rural commercial networks of our province have developed on a relatively large scale. Incomplete statistics show that at present, there are over 269,000 business, catering trade and service trades networks, which more than double that of 1979. This has enabled the market to prosper, made things more convenient for the masses and promoted commodity flow. In the first half of this year, the retail amount of social commodities throughout the province has reached 90 billion yuan, which is an increase of 18.5 percent over the same period last year.

Since the 3d Plenary Session of the 11th Party Congress, the leadership at various levels in our province has taken the livelihood of the masses into consideration in adopting vigorous measures to increase and revive the business, catering trade and service trades networks. For example, the Canton municipal daily items department stores adopted the methods of tapping potentials and transformation and rearranged the warehouses, offices, garages, workshops and housing quarters of this system that are located in the busy city into shopping malls and shops. Over the past 3 years, they have increased and expanded over 73 shops, with an increase of over 34,800 square meters of space. For instance, through internal rearrangement, they used a warehouse that was located in the central commercial district and turned it into the large scale Xihu Department Store that occupied 3,800 square meters of land, and made it more convenient for the masses to purchase all kinds of daily commodities. The Yongan Department Store also made full use of the unused space inside its store and by adding storeys to the building, expanded the shopping space by 900 square meters and increased the variety of commodities for sale by over 2,000 kinds, and the sales amount tripled that before the expansion.

In order to solve the problem of difficulty in purchasing commodities in the newly built industrial and mining districts, the border residential districts and the rural areas, concerned departments not only paid attention to developing the state-owned business, but also strongly supported street, commune and brigade collective business and individual business in order to supplement the inadequate state-owned commercial networks. Hua County is

a county that is more advanced in commodity economy, but it is severely lacking in commercial networks. The supply and marketing cooperative has only set up an average of one commercial network for every 25 production teams in the rural area, which is far from meeting the demands. In recent years, it has developed step by step some 1,100 commercial networks of rural individual businesses, resulting in an average of 1 commercial network for every 2 production teams. Having more commercial networks on a scattered basis, they can organize the sources of commodities according to the busy trading seasons, offer flexible trading hours, render door-to-door service and make things more convenient for the people. For instance, salted fish, pickles and rice products as well as some small items that are needed in the rural areas are organized and supplied without delay, thus satisfying the needs of the masses' livelihood.

The increase of commercial networks has provided the condition for arranging labor employment. In the last 3 years, the businesses, catering trade and service trades throughout the province have employed 400,000 people, which took care of 30 percent of the unemployed.

Nevertheless, the building of commercial networks is still unbalanced, especially in the industrial and mining districts and the newly developed residential districts, where there is a lack of commercial networks. Thus, the leadership at various levels should include the building of commercial networks into the plan for city building, encourage and support neighborhood enterprises, industrial and mining enterprises, communes and brigades in running some collective business so as to supplement the inadequate state-owned commercial networks and make things more convenient for the people.

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080: 4006/039

DOMESTIC TRADE

BRIEFS

MEETING ON SMALL COMMODITY MARKETS--A 9-day national on-the-spot meeting on markets handling small commodities concluded yesterday. Ren Zhonglin, director of the State Industry and Commerce Central Bureau, delivered a concluding speech. The meeting affirmed that the trend of the Hanzheng Street small commodity market in Wuhan is correct; its variety is suitable, it serves to promote small commodities production, enlivens the market and facilitates people's livelihood and provides employment. All participants at the meeting held that to gradually open up small commodity markets in a planned way is, in the present stage, indispensable to economic development and this is the principal form for implementing the role of planned economy supplemented by market regulation. Small commodities comprise great variety and range, which is essential to people's livelihood and production. Therefore, to gradually open a number of small commodity markets is the general trend and a long-term policy of the party. In his concluding speech, Comrade Ren Zhonglin discussed the current situation of the small commodity markets throughout the country. He proved their indispensability, and described various problems, such as the variety of merchandise required by the small commodity markets in order to open by stages and in groups, the participation of commodity market members, wholesale and marketing and transportation, market prices, market location and construction and some policies concerned. [Text] [HK270640 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 25 Oct 82]

GUARANTEED SUPPLIES DEMANDED--With regard to the case of an outstanding commune member who was given a bicycle coupon but was unable to buy a quality bicycle, "the responsible comrade of the Henan Provincial Government, in his written comment on the case, called on all areas to correct the unhealthy practice of holding back those commodities reserved for rural areas." He said that many orders and stipulations had been issued on this matter. Commodities reserved for rural areas must not be held back, and supplies to rural areas must be assured. The peasant involved in the case is a model worker who was given a bicycle coupon as an award. But he could not buy a quality bicycle from shops in the county town because quality bicycles were out of stock there. He complained to the provincial government. [Summary] [HK280655 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 27 Oct 82]

CSO: 4006/65

FOREIGN TRADE

SHENZHEN TO BUILD 20 MORE FACTORY BUILDINGS

HK010448 Guangzhou GUANGDONG Provincial Service in Mandarin 10000 GMT
29 Sep 82

[Text] The People's Government of Shenzhen Municipality has decided to build 20 standard factory buildings this year and next year in the (Shangbu) and (Bagualing) industrial regions, which will cover a total of 200,000 square meters in floor space. This project will be completed through co-operation with foreign businessmen. This will offer a convenience to medium and small entrepreneurs from Hong Kong and Macao who intend to make investments and establish factories in the Shenzhen special economic zone. At present, the building of seven factory buildings has begun and will be completed this winter or next spring. The building of a standard factory building will provide convenience to medium and small entrepreneurs who come to the special economic zone to make investments because these factory buildings are fully equipped with power and water supplies as well as fire prevention facilities. These factory buildings are for sale or rent to meet the demand of Hong Kong and Macao or foreign businessmen. This will shorten the time for the preparation of establishing factories.

The two standard factory buildings built in the Shekou special economic zone were welcomed by users and many entrepreneurs rushed to buy or rent them even before the project was completed.

CGO: 4020/19

FOREIGN TRADE

GUANGDONG MEETING ON ANTISMUGGLING MEASURES

HK220257 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 21 Oct 82

[Text] The third Guangdong provincial conference on antismuggling work was held at Conghua from 12 to 17 October. With the spirit of the 12th Party Congress as its motive force, the meeting conveyed and implemented the spirit of the third State Council conference on antismuggling work in three southeast China coastal provinces, and made arrangements for launching antismuggling work in depth.

The meeting pointed out: The struggle against smuggling is a long-term struggle. Leaders at all levels in the province must keep clear heads and make a correct estimate of the situation in the struggle. They must tangibly strengthen leadership over it and bring into full play the role of the government departments concerned. They must resolutely carry out the antismuggling struggle to the end.

Attending the meeting were over 100 responsible cadres from all prefectures, key coastal counties and municipalities, the provincial organs, and departments concerned of the Guangzhou PLA units, Guangdong military district and the South Sea Fleet. Vice Governors Wang Ning and Yang Deyuan presided.

After analyzing the situation in the struggle against smuggling in the province, the meeting pointed out: This struggle is very far from ending. This is a long-term arduous and complex struggle. In particular, Guangdong is situated on the coast and borders Hong Kong and Macao. China and the capitalist world belong to two different social systems, with two kinds of market and price system. There are rather great differences in price of many commodities between China and the outside world. Unlawful elements are sure to make use of this factor to make reckless moves.

Smuggling and peddling of contraband goods is still very serious in certain places and certain fields. We must establish the idea of a long-term battle, strengthen leadership, and regard the struggle against smuggling as an important guarantee for creating a new situation in socialist modernization.

The participants unanimously held: In the future, while continuing to do a good job in marine antismuggling work, we must also get a thoroughly good grasp of this work on land, and strengthen controls over the channels of imports and exports and of processing and assembly work for foreign customers and of compensation trade and so on, to block loopholes, so as to continually carry out the antismuggling struggle in greater depth.

CSO: 4006/65

FOREIGN TRADE

GUANGDONG HOLDS THIRD MEETING ON ANTISMUGGLING WORK

HK190517 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 18 Oct 82

[Text] Motivated by the spirit of the 12th CPC National Congress, the third provincial meeting on hitting out at smuggling activities conveyed the guideline laid down at the third meeting of the three southeastern coastal provinces on the same subject and made arrangements for further carrying out this struggle. The meeting requested leaders at various levels to correctly analyze the present antismuggling situation and strengthen the leadership and training of anti-smuggling personnel so that the function of various government departments concerned can be better performed and antismuggling work can be more effectively carried out.

This meeting was called by the provincial people's government from 12 to 17 October in Tonghua. Provincial Vice Governors Wang Ning and Yang Deyuan presided over the meeting.

The meeting analyzed the present state of the struggle against smuggling. It pointed out clearly that over the past year or so, especially since the beginning of this year, people's governments at various provincial levels have conscientiously implemented the decision of the CPC Central Committee and the State Council on attacking serious criminal activities in the economic field and have carried out struggles against smuggling and selling smuggled goods. Great achievements have been scored in these struggles. In the first half of this year, big smuggling activities by sea were basically stopped and most smuggled goods markets on land were basically banned. Smuggling activities by state enterprises and institutions as well as by collective units were also stopped. At the same time, some major and serious cases were investigated and dealt with. However, this does not mean that the struggle has come to an end. The meeting emphasized that the antismuggling struggle is a long-term one. Although smuggling by sea has basically been stopped, smuggling by land has even developed to some extent. In some places, smuggling of certain goods is still very serious. If we fail to do a good job in this respect and relax our vigilance, we will possibly meet with greater setbacks. We must study the 12th CPC Congress documents more conscientiously and, in the light of the realities in our own localities, make a correct appraisal of the present antismuggling situation. We must get a clearer understanding of the importance of the antismuggling struggle and regard it as an important task in creating

a new situation in socialist modernization. We must be prepared to continue this struggle for a long time and effectively strengthen leadership over it so that it can be carried out through to the end.

In order to solve the problems in the present struggle, the meeting emphasized that while continuing to do a good job at sea, it is necessary to strengthen our antismuggling work on land. It is necessary to adopt effective measures to close such loopholes as smuggling through freight transportation. In order to meet the needs of the present situation, the meeting also made concrete arrangements for further improving the antismuggling organizations, enhancing the antismuggling forces at sea and the control of vessels, for dealing heavy blows at smuggling and the selling of smuggled goods and for continuing to do a good job in handling major and serious cases.

CSO: 4006/65

FOREIGN TRADE

BRIEFS

XIAMEN ECONOMIC ZONE--Construction was started on 16 September of the Yinhua floor tile plant [yin hua di zhuan chang 0603 5478 0966 4331 0617], the first foreign investment enterprise in the Xiamen special economic zone. The project covers a total of 6,600 square meters in area. Scheduled to be completed for operation on 31 August 1983, the plant will produce 10 million floor tiles a year, all of which will be exported. The plant is totally invested by Singapore's Yinhua Enterprise Private Company, Ltd. [Yin hua qi ye si ren you xian gong si 0603 5478 0120 2814 4424 0086 2589 7098 0361 0674] The company will have the right to run the plant by itself. China will provide the water, electricity, labor, raw materials, fuels, services and all conveniences needed in the course of construction. Rent for the land used and other fees will be paid by the plant. [Fuzhou FUJIAN RIBAO in Chinese 24 Sep 82 p 1]

STIMULATING EXPORT COMMODITIES--Guangzhou, 10 Oct (XINHUA)--The Foreign Trade Department of Guangdong Province has put on domestic market products originally held for export in order to reduce the stockpiling of such commodities. In the past few months some 180 million yuan worth of such commodities have been sold to the domestic market. In addition, a sale-exhibition will be held in Guangzhou from 12 October to 2 November. On exhibit will be various light industrial products, textiles, chemical products, native produce, animal by-product, canned foods, oils and fats, hardware, rolled steel, building materials, pumps, diesel engines and handicraft. [OW262357 Beijing XINHUA Domestic Service in Chinese 1213 GMT 10 Oct 82]

PROMOTES EXPORTS--Hebei Province has now exported agricultural, sideline, aquatic and aquatic products to 85 countries and regions in the five continents of the world. The total amount of exports has amounted to some \$180 million. Products exported include grain, oil-bearing crops, foodstuff, native products, aquatic products, medicinal herbs and fodder. [HK010721 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 21 Sep 82]

MARKET PROMOTING FAIR--The first Shandong provincial export trade fair was held in Jinan on 29 September. Some 500 guest businessmen from the five continents attended the fair. Business volume of exports reached some \$70 million. This fair played an important role in expanding Shandong Province's foreign trade, technological exchange and in developing the province's foreign trade. [OW261129 Jinan Shandong Provincial Service in Mandarin 2300 GMT 29 Sep 82]

HONG KONG-MACAO BUSINESSMEN FETED--Guangzhou, 15 Oct (XINHUA)--The Chinese export commodities fair hosted a banquet this evening at the Dongfang guest house in Guangzhou in honor of noted personages from the Hong Kong and Macao industrial and commercial circles attending the Chinese export commodities fair of autumn 1982. Liu Tianfu, chairman of the commodities fair and governor of Guangdong Province, spoke at the banquet. He said: This fair was held after the closing of the 12th CPC National Congress. Guided by the spirit of the 12th CPC National Congress, we shall continue to uphold a unified policy, unified planning and unified principles of foreign trade, make every effort to create a new situation for the work of the commodities fair and provide more convenience for guest businessmen in transactions so as to help promote trade between our country and various countries and regions. It is hoped that you will give us valuable criticism and suggestions so that we can, on the basis of continuously summing up experience, further improve the work of the Chinese export commodities fair. Wang Pingqing, vice chairman of the commodities fair and representative of the minister of foreign economic relations and trade, proposed a toast to the guests. Among those noted Hong Kong and Macao personages invited to the banquet were Wang Kuancheng, He Xian, Huo Dongying, Ma Wanqi, Ye Ruolin, Yan Tongzhen, and Zhong Rongguang. Also present was Cao Weilian, deputy director of the Hong Kong branch of XINHUA News Agency. [Text] [OW190158 Beijing XINHUA Domestic Service in Chinese 1620 GMT 15 Oct 82]

CSO: 4006/65

LABOR AND WAGES

FAMILIES IN RURAL COUNTY BETTER OFF IN PAST 2 YEARS

Lanchou GANSU RIBAO in Chinese 3 Sep 82 p 2

[Article by Liang Zhiming [2733 1807 2494] and Jiang Ziyang [1203 1311 5391]:
"New Changes in the Countryside as Seen from a Statistical Report"]

[Text] Jingchuan County has recently conducted an investigation into the changes since the Third Plenary Session of the 11th Party Central Committee in the family and economic situations of 91 cadres working in county-level organizations who have their homes in the countryside.

As indicated by the results of the investigation, there are a total of 464 people, including 123 workers, in the 91 cadre families. On the average, each worker supports 3.8 persons. According to the 1979 statistics, a year before the system of contract work was implemented, each person in these 91 cadre families had an average of 298 jin of foodgrains. Only 10 households with 46 people in the production brigades had a share of the economic income. Their total share was 500.8 yuan, for an average of 10.88 yuan per person. A total of 76 households with 389 people paid 5,867.5 yuan to the production brigades for their food ration--an average of 15.08 yuan per person.

After the implementation of the system of contract work and the assumption of full responsibility for work completion, obvious changes to the existing conditions were recorded. In 1981, the 91 cadre families had a total of 1,014 mu of contract land and retained plots producing 240,873 jin of grain. This represented an average output of 518 jin per capita and an average grain ration of 341 jin per person, an increase of 43 jin over that in 1979. In the summer harvest this year, 835 mu of land produced 238,049 jin of grain, an average per capita output of 524 jin. The grain ration for the summer harvest reached 390 jin per person on the average; this was an increase of 49 jin over the total grain ration for the whole year in 1981. Yun Hailang [7189 3189 3186], deputy director of the county personnel department, who lives in Libaoyuan District, has a family of four, with one person working. They have 10 mu of contract land and retained plots. The summer grain harvest this year reached 4,000 jin, for an average per capita grain output of 1,000 jin. After the deduction for agricultural taxes and seed allowance, each person had an average grain ration of 750 jin. This more than trebled the ration in 1979. Chen Wenxuan [7115 2429 6513], director of the county committee staff office, has a family of three, with one person working. They have 6 mu of contract land and retained plots; they produced 2,400 jin of grain this summer, with an average per capita grain output of 800 jin and a food ration of 701 jin per person. This more than doubled the 1979 figures.

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CSO: 4006/18

LABOR AND WAGES

EMPLOYMENT FIGURES UP IN HEILONGJIANG PROVINCE

Harbin HEILONGJIANG RIBAO in Chinese 15 Aug 82 p 1

[Article by Tian Shumin [3944 2885 3046]: "Breakthrough in Worker Employment in Our Province; Arrangements Have Been Made for Employment of 1.73 Million People Since Third Plenary Session of 11th Party Central Committee"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, there has been a breakthrough in the progress of worker employment in our province. According to the statistics submitted by the departments concerned up to the end of June this year, our province has found employment for 1.73 million people in the cities and towns who were looking for work in the past 3.5 years.

The vigorous development of the collective economy has been an important path taken by our province to open up employment opportunities in recent years. Many industrial enterprises have made use of their idle plants to set up collective enterprises which manufacture daily consumer goods and have provided employment for the job-hunting children of the staff and workers of the respective units. The Department of Forestry, through the development of comprehensive utilization, has provided work for a large number of job-seeking youths. The mining district has concentrated efforts in the five aspects of digging, selecting, choosing, transportation, and comprehensive usage, and has opened up many employment opportunities. The counties and towns in the mountain districts have organized youths who were awaiting employment to develop such items of production and processing as gathering plants, planting, knitting, and animal husbandry. Many regions have also abolished the boundaries between departments and trades and have jointly run collective enterprises by pooling their resources in capital, plant, equipment, and technological forces. There has been a yearly increase in the number of people employed by collective ownership enterprises. In 1979, the number of people who were assigned work in collective enterprises accounted for 54 percent of the total number of people for whom work had been arranged. In the first half of this year, this category has been increased to 85.9 percent. In the past 3 years, employment has been arranged for a total of more than 105 million people. The number of individual urban workers has been increased to more than 68,000 people. Employment in the nine large and medium-size cities such as Harbin and Qiqihar has increased from 45 percent in 1978 to 51.8 percent in 1981.

At present, there are more than 2,750 teams of educated youths in the whole province with 2.5 million mu of arable land. The number of youths working there has increased from more than 190,000 in 1979 to 270,000. The whole province has also set up 298 work service companies of various levels. These companies have run more than 1,060 contact points in the production network and have arranged employment for more than 50,000 people. The various departments in the different regions have also conducted various kinds of vocational training classes, and more than 94,000 youths who were looking for work have undergone training before taking up employment.

At present, most of the people who were looking for employment before 1980 in the various cities in the province have basically all been employed. Some towns and counties have also arranged work for some of the students who graduated from junior and middle high school last year.

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CS0: 4006/18

TRANSPORTATION

PREPARATIONS FOR SONGHUA JIANG HIGHWAY BRIDGE UNDERWAY

Harbin HEILONGJIANG RIBAO in Chinese 20 Jul 82 p 1

[Local Dispatch by Gan Fuming [3927 3940 2494]: "Blueprint of Large, Modern Highway Bridge Linking North and South Completed; Preparation for Construction of Songhua Jiang Bridge Proceeding Apace"]

[Text] The preliminary design has been completed. The bridge will be grand in size, measuring over 1,700 meters long and 24 meters wide, and will play an important role in developing the economy, strengthening war preparedness, and providing convenience for the people.

The preliminary design for the highway bridge over the Songhua Jiang was completed not long ago by the designers of the provincial highway survey and design institute and the Harbin Municipal Research Institute of Municipal Works Design. The preliminary design was examined and regarded as feasible by the leaders of the Ministry of Communications and bridge specialists and has now been submitted to the provincial people's government for examination and approval. Preconstruction preparatory work is proceeding apace.

The Songhua Jiang traverses the Songnen Plain for over 830 kilometers from Zhaoyuan to Tongjiang, dividing Heilongjiang Province's 11 cities and 66 counties into northern and southern sections. Several trunk highways going from Harbin to the borders and inland must all cross the Songhua Jiang, so cross-river traffic has always been heavy. At present there is only one highway-railway bridge spanning the river, at Sankeshu. Its through-traffic capacity is low, causing frequent traffic backups. Transportation from the Harbin metropolitan area to the rural areas north of the river and scenic Sun Island is dependent on ferryboats and is inefficient. At the request of the State Planning Commission, the Ministry of Communications toward the end of 1978 approved the Songhua Jiang bridge planning task, aimed at linking communications north and south of the river and meeting the needs of economic development and war preparedness.

At the bridge construction headquarters, this reporter was shown the blueprint of the bridge by Deputy Director Song Wensheng [1345 2429 3932]. The majestic structure will start at Hetu Street on the south and stretch north to the Jinhetao beachhead. The main bridge will be 1,228 meters long, the

southern approach 360 meters long, and the Jinhetao approach 150 meters long, adding up to a total of 1,738 meters. Total width of the bridge will be 24 meters, with 18 meters given to a four-lane road, and the rest to two 3-meter-wide sidewalks, one on each side. Designed loads are 20 tons for motor vehicles and 100 tons for trailers. The south bank approach is a semi-clover-leaf intersection bridge, the surface measuring 12 meters wide, with 11 meters used for vehicle traffic and 1 meter for a sidewalk. A traffic circle underneath the bridge facilitates traffic between Youyi Road/Hetu Street and the bridge.

The preliminary design takes into careful consideration the connections between the main bridge, the approaches and the highways, as well as channel dredging and dike reinforcement; coordinated and feasible plans have been drawn up. Construction plans for the bridge were finalized on the basis of geological conditions. The upper part of the bridge will be constructed with continuous prestressed concrete girders. The 90-meter-long, seven-arch main span will be held together by continuous surface slabs. The bridge base will be formed by tall support piles, with pouring holes 1.25 meters in diameter. Each pier will be made up of 18 poured concrete piles. To test the feasibility of the construction plan, pile-testing began in early June near the Hetu Street pier on the south bank. Workers of Team No 1 of the First Provincial Highway Engineering Division completed two 55-meter-deep, poured-concrete piles in a month and a half. Results show that under complex geological conditions, it is both feasible and economically rational to use this kind of piling, thus providing experience for overall construction.

Preparatory work for bridge construction is now proceeding apace. Designers and advance construction teams have set up camp on the bridge site. Testers are going all out to complete pouring of seven piles. Designers are doing on-site designing. Geological personnel are conducting over-water surveys at the main bridge site. Channel dredging, dike reinforcement, and dismantling of housing are all being carried out.

Every effort is being made to begin construction ahead of schedule; the project is expected to be completed in 4 to 5 years.

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CSO: 4006/619

GENERAL

CHANGES NOTED IN GUANGDONG'S ECONOMY SINCE THIRD PLENUM

Guangzhou YAN'CHENG WANBAO in Chinese 18 Aug 82 p 2

[Article by Li Meiqing [2621 5019 3237]: "The Remarkable Changes in Guangdong's Economy Since the Third Plenary Session of the 11th Party Central Committee"]

[Text] Since the 3d Plenary Session of the 11th Party Central Committee, party committees and people's governments at all levels in Guangdong have turned the focus of their work to modernization, firmly implemented the eight-character policy of "readjustment, restructuring, reorganization and reform," and persisted in carrying out the policies of opening our doors to the outside while enlivening the economy internally together with the specific policies and flexible measures approved by the Central Committee. This has aroused the enthusiasm of all the cadres and masses in various areas of each front and brought out delightful changes throughout the entire economy, which has begun to go along a stable and healthy development path. Guangdong's total industrial and agricultural output value in 1981 was 23.8 percent greater than in 1978, an average annual increase over the 3 years of 7.4 percent. Ten remarkable changes occurred in the province's economy:

(1) The readjustment of agricultural development policy has yielded all-round development in agriculture. For the past 3 years, Guangdong's agriculture has implemented a policy of "relying on both policies and on science" and broken out of the ideological fetters of the "left." Some necessary readjustments in rural production relationships have been made, rural economic policies have been broadened and agricultural production responsibility systems of various types have been carried out. At the same time, rational readjustments have been gradually made in agricultural production arrangements and the economic structure. Agricultural production has begun to develop in an all-round manner. Total agricultural output value in 1981 was 5.5 percent higher than in the previous year and 18.6 percent higher than in 1978. This year we wrested bumper spring harvests and summer grain crops from the jaws of natural disaster. The sugar cane output of 1.28 million metric tons was 14.7 percent higher than the previous pressing season. There was a large increase in oil-bearing crops, fruit, forestry, animal husbandry and fishery. These years have been Guangdong's third and best "golden age" since liberation.

(2) Industry has kept growing in the course of readjustment. With the adoption of the policy of greatly increasing the production of consumption goods for daily use, industrial and product structures have been readjusted rationally, enterprises' rights of self-determination have been expanded and various types of economic responsibility systems have been instituted. All this has aroused the enthusiasm of the enterprises and their staff and workers, so that industrial production has maintained a relatively rapid pace of growth with improved economic effectiveness. Total industrial output value in 1981 was 11.6 percent above that of the previous year and 25.9 percent higher than in 1978. Output value during the 3 years increased by 4.9 billion yuan, up 42.9 percent. A further increase of 14.1 percent was registered during the first half of this year, compared with the same period in 1981.

(3) Both buying and selling of commodities have flourished, while market supply has markedly improved. The adoption of measures to promote commodity production and enliven the markets has permitted the coexistence of multiple marketing channels and multiple forms of business operations, and has broken through the barriers imposed by administrative boundaries to organize commodity circulation according to economic regions. The readjustment of policies on the buying and selling of industrial goods for daily use, the affirmative development of negotiated marketing and coordinated intra- and interprovincial exchange, as well as the implementation of various types of management responsibility systems in commercial enterprises have increased the number of commercial network outlets and the number of service items and promoted the development of commercial supply and marketing work. Purchases and sales in 1981 increased 16 percent and 16.6 percent respectively over 1980, and more than 50 percent over 1978. The first half of this year, growth continued at 10.8 and 13.6 percent over the same period of 1981. The total retail trade turnover of social commodities increased in 1981 by 18.9 percent over the previous year and 63 percent over 1978, an annual average increase for the three years of 17.3 percent. The total value of agricultural and sideline products purchased has increased by 11.8 percent over the comparable period last year; of these, the percentage of list price purchases went up by 6.5 percent. Within the total retail turnover, that of consumer goods increased by 19.5 percent.

(4) Financially, revenues and expenditures were balanced after funds had been turned over to higher authorities, and there was a readjustment in the direction of capital construction investments. Financially, the implementation of the systems of "eating at separate stoves," separating revenues from expenditures and quota contracting received an enthusiastic welcome from all levels. Financial revenue in 1981 increased by 8.8 percent over the previous year. Even after the planning of the higher authorities, shares and loans to higher authorities and the purchase of state treasury notes, there was a slight increase over 1978. During the first half of this year, the situation of the same period in 1981 when there was a net increment in money in circulation was turned around and there was a recovery of currency by the financial authorities of the province. The proportion of nonproductive construction investments has risen over the past 3 years from 19.1 percent in 1978 to 43.6

percent in 1981, making up some outstanding debts in municipal and housing construction and in the areas of culture, education and health.

(5) There was a considerable increase in foreign trade procurements and exports and in exports to Hong Kong and Macao. The foreign trade system has carried out some exploratory reforms on a trial basis, the province has set up on a trial basis a set of joint industrial-agricultural-technical import-export corporations, a number of self-managed import-export enterprises are being run on a trial basis, and the jurisdiction of municipalities over foreign economic trade has been enlarged. These measures have received an enthusiastic response from all levels, and there has been a considerable increase in foreign economic trade. Guangdong's source of goods in 1981 increased by 22.4 percent over the previous year and was up by 116 percent over 1978. There was a new change in the commodity structure of exports, with "hot selling" goods increasing in number, breaking into and opening up new markets abroad.

(6) New prospects have begun to be opened up in foreign economic cooperation. In 1981, 6,853 contracts have been signed and implemented for foreign processing and assembly, compensatory trade, joint operations and joint capital ventures. This was up 21.4 percent over 1980. The amount of foreign capital actually brought in reached 580 million yuan, 150 percent above 1980. Of the contracts, 6,563 were for processing and assembly, with a bank foreign exchange income of over 210 million yuan, up by 68 percent over the previous year. Over 70,000 pieces of imported equipment have already been supplied, which have realized an industrial output value over the three years of over 1.5 billion yuan. Over 260,000 people were engaged in the arrangement of the machinery.

(7) There was a considerable increase in foreign contacts and in the tourist trade. In 1981, there were 7.81 million crossings into Guangdong by foreigners, overseas Chinese and compatriots from Xianggang and Aomen for purposes of touring, sightseeing, visiting relatives and friends and to engage in trade, scientific, cultural or educational activities. This was up 34.9 percent over 1980. The year's foreign exchange income was 160 million yuan, up 88 percent over the previous year and over 6 times greater than in 1978. Using a variety of forms, the province has scored new successes in opening up a set of tourist spots and setting up a group of hotels and hotel service projects.

(8) Science and technology have begun to play a role in economic development. For example, funds invested for technical renovation during the past two years to resolve the weak link of energy have constituted one-third of the total financial appropriations and depreciation charges for this item. A set of projects have been completed to generate electricity, an annual increment of over 200 million kwh, from excess heat, playing a definite role in relieving the shortage of electrical power. Numerous enterprises have joined with scientific research and educational departments to link technical reform and technical imports, improve production technology and processes, trial produce and design a group of new products and continuously improve the quality of all kinds of products.

(9) People's livelihood has improved. Total wages of staff and workers in 1981 was up 14.9 percent over the previous year. Average wage of staff and workers in the state-owned sector increased by 76 yuan over 1980 and the income of members of the rural people's communes increased by a relatively large amount. According to statistics from 24 counties in Guangdong, net annual per capita income of a productive nature (including income from labor services) was 290 yuan, up 20.3 percent over the previous year. During the 3 years, arrangements were made in Guangdong for the placement of a total of 1,337,000 job seekers and other personnel. During the 3 years, 13.3 million square meters of urban housing were newly built. Incomplete statistics show that over 40 million square meters of housing were newly built by the peasants in 1981. Newly built state housing increased by 18.6 percent over the previous year.

(10) The construction of special economic zones has made a preliminary breakthrough and we are in the process of probing into our experiences. Of the special zones, that at Shenzhen has begun to take shape. Over the past 3 years and more, over 1,300 projects involving foreign commercial investment have been brought in, with a total investment of 8.7 billion Xianggang dollars, of which over 1.3 billion Xianggang dollars have already been put to use. Shenzhen's local financial income last year increased by over 400 percent over that of 1979. The Zhuhai and Shantou special zones are also developing in a corresponding manner.

Facts demonstrate that since the 3d Plenary Session of the 11th Party Central Committee, we have corrected the "leftist" errors in our guiding thought, restored the ideological line of seeking truth from facts, drawn up a series of policies and programs which not only accord with the fundamental principles of Marxism but also correspond to China's conditions, and formulated a correct path for building socialist modernization, a path which will become broader and more prosperous the longer we travel on it. We must continuously sum up our experiences, raise the level of our economic work, do exceedingly well in what we do, and greet the convening of the party's 12th Congress.

CSO: 4006/637

GENERAL

ABUNDANCE OF MARKET COMMODITIES REPORTED IN SHANXI

Taiyuan SHANXI RIBAO in Chinese 26 Aug 82 p 1

[Article by Li Baoqing [2621 1405 0615]: "Abundant Supplies of Market Commodities, Great Varieties, and Increased Sales; Markets in Towns and Countryside Throughout Whole Province Flourish"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, with the adjustments in the national economy and the implementation of the policy of taking the planned economy as the mainstream and supplementing it with market adjustments, our province has initially rectified the longstanding shortage of commodity supplies, and a scene of prosperity has emerged in the markets in the towns and villages.

Over the past 3 years, on the basis of developing industrial and agricultural production, there has been a marked increase in the purchase of industrial and agricultural products by the commercial departments in the province. Take last year as an example: The total amount of commodities purchased (excluding transfers from other provinces) reached more than 3.89 billion yuan, an increase of 533 million yuan over 1978, and a growth of 15.9 percent. There has been a more rapid increase in the purchase of subsidiary farm products than in the purchase of industrial products. There has been an increase in varying degrees in the purchase of grain, edible vegetable oil, pigs, eggs, dried fruit, sugar, cigarettes, wine, cotton cloth, fabrics of mixed cotton and synthetic fiber, flannel, silk goods, towels, nylon socks, garments of various kinds, woolen blankets, shoes, soap, detergents, thermostats, sewing machines, bicycles, and radios.

Under the prerequisite of a marked increase in the purchasing power in the town and countryside in the past 3 years, there has been a tremendous growth in the total retail sales of social commodities. In the past year, the total retail sale of social commodities in the whole province reached 5.65 billion yuan, an increase of more than 1.42 billion yuan over the 1978 figure--a growth of 33.8 percent, and an average annual increase of 10.2 percent. At present, there is a ready supply of most commodities on the market, and there are abundant supplies of various foods, clothing, and useful commodities. Under the conditions whereby their daily needs are being basically satisfied, the people are turning to the purchase of luxury items. In society, the trend in popular consumption can be summed up in three phrases: "nutrition in food," "beauty

in clothes," "grandeur in useful items." These conditions on the one hand show an increase in the people's income and an improvement in their livelihood, while on the other hand they reflect the favorable turns in the commodity supplies on the market.

The retail market in our province is very active, and this is mainly manifested in the following points: 1) In the coexistence and development of businesses with various economic components, collective and individual businesses are developed more quickly. At the end of last year, the number of contact points in the commercial and food service networks throughout the province showed an increase of 93.7 percent over the figure at the end of 1978. Nearly 6,000 collective network points have been developed, which is a 5.7-fold increase. There has been a revival of individual network points, which have developed to more than 18,000 contact points. The proportion of retail sales of collective and individual businesses to the total retail sales of social commodities throughout the province increased from 1.4 percent in 1978 to 5.2 percent at the end of last year. 2) There have been tremendous changes in the form of management. Sales exhibitions and commodities-exchange exhibitions are constantly being held in various regions. Finance companies and credit companies have been established. Within the limits allowed by the state, the industrial market is expanded, and its proportion of the total retail sales of social commodities in the whole province increased from 6.7 percent in 1978 to 8 percent last year. 3) An increase in the channels for circulation of commodities leads to the revival and vigorous development of urban and rural village trade fairs, which had been closed down for years. At the end of last year there were already 668 village fairs throughout the whole province, more than double the number in 1978. Transactions amounted to more than 370 million yuan--a 4.4-fold growth. Through village trade fairs, farmers have directly supplied to each nonfarming resident commodities with a value of 32 yuan.

9954

CSO: 4006/18

GENERAL

MINORITIES IN HEILONGJIANG DO WELL IN VARIOUS FIELDS

Harbin HEILONGJIANG RIBAO in Chinese 15 Aug 82 p 2

[Article by Chen Jiguang [7115 4949 0342], Deputy Director, Heilongjiang Nationalities Affairs Commission: "Various Minority Enterprises Are in Flourishing State in Our Province"]

[Text] Ours is a province populated by people of different nationalities, there are 1.4 million members of the minorities making up 4.3 percent of the population. Since the Third Plenary Session of the 11th Party Central Committee, implementation of the party's policy has brought new life to the development of the various enterprises in the minority areas, and members of the minority races have prospered as never before.

Rapid economic development in minority areas. Under the guidance of the party policy, the various areas, mindful of the different distinctive features of the various minorities in the field of production, have formulated a production policy to fit the circumstances of the minorities, exerted great effort to improve the conditions of the poverty-stricken brigades, and given priority to the minority communes and brigades in financial and material assistance so that they may speedily resume and develop their production, the number of poverty-stricken brigades may be drastically reduced and the majority of commune members may enjoy a better life. According to a typical survey in the Nenjiang area, there has been a general increase in the average income of minority commune and brigade members in the last 3 years. The income of members of the Korean brigades increased by 70 percent from 138 to 235 yuan, the income of members of the Mongol brigades increased by 40 percent from 72 to 103 yuan, and the income of members of the Daghors brigades increased by 35 percent from 75 to 101 yuan. More gratifying still is the emergence of a number of progressive minority communes and brigades which have adopted the correct approach, generated high profits, and introduced various innovative measures. Among members of the Korean minority, the average income of members of the Xinghe Commune in Suihua County came to 461 yuan last year, while the amount of savings of the entire commune membership came to over 700,000 yuan. The Saihantala Commune used to be the poorest among the Duehbote Mongols. After "making animal husbandry its main operation" in 1980 while engaging in diversified operations and implementing the policy of increasing its single-crop production, it has by the end of 1981 doubled its per mu production, its contributions and the average income of its members. Among the Daghors, the Kunhe Brigade of the

Xigangtzu Commune in Aihui County firmly upheld the method of collectivized, mechanized and scientific farming. In 1981, the average per capita income reached 250 yuan, while the entire brigade had savings amounting to 220,000 yuan.

As the party's nationalities policy becomes better known among the people, more and more policy measures are being implemented. Since the Third Plenary Session of the 11th Party Central Committee, the party's nationalities policy has been revived and further developed as a result of efforts made to publicize widely and in depth the need to implement the party's policy, to re-educate the people on the party's nationalities policy, to put down rebellion and restore order and to bring about radical reforms. The "leftist" imprimatur in the work among the nationalities has been basically removed, the wrongs done to and the unjust verdicts rendered the minority cadres have been redressed, and the customs and habits of the minorities are being respected. The assets belonging to certain minority communes and brigades taken over by the state-operated farms and pastures have been returned, the relationship among the nationalities has been improved and the foundation for unity among the nationalities has been further consolidated.

Significant development of education and public health among the minorities. During the 10-year rampage, the work of education among the nationalities in our province suffered a cruel blow at the hands of Lin Biao and the "gang of four." Many of the educational administrative offices and schools for the nationalities were merged or closed down. Almost 500 minority teachers throughout the province were persecuted and language classes in some of the schools were canceled with the result that the quality of school education suffered a steep decline. Since the Third Plenary Session of the 11th Party Central Committee and with the gradual implementation of the party's policy on education for the nationalities, the elementary and middle schools for the nationalities have been gradually restored and further developed. Following the conference on the work of education for the nationalities in the province in June, 1981, the concerned departments and areas further promoted the awareness of the importance of education for the nationalities and strengthened their leadership in that area. Some of the cities and areas established a number of education research institutions for the nationalities and the training of teachers, actively engaged in promoting research on elementary and middle school teaching for the nationalities, made arrangements for minority teachers to undergo further studies, and continued to improve the conditions for elementary and middle school education for the minorities. The teaching of minority languages has been restored and further strengthened. In selecting candidates for colleges and universities, preferential treatment in the matter of grades is accorded to minority students so that more of them may be admitted. In the last 3 years, some 700 minority students have been admitted every year.

In the field of public health, the various areas have strengthened the work of medical treatment, public health and the prevention of epidemics. The majority of the communes of the nationalities have medical clinics and the brigades have health stations. The health departments have taken further steps to improve the examination and treatment of tuberculosis which is

endemic among the Oroqens, the Mongols and the Daghors and of hepatitis among the Koreans and the Ho-ches so that the standard of health among the minorities has been further improved.

Continued increase in the number of rank-and-file minority cadres. Since 1980, all the areas throughout the province, in conformance with the spirit of the instructions of the Central Committee to train and select minority cadres, have put this work on the agenda of the party committees and continued to train and to recruit a corps of minority cadres. Once they have assumed leadership positions, the minority cadres at various levels, by studying together with the Han cadres and working with them shoulder to shoulder on the various fronts, have become backbones and bridges in promoting unity among the nationalities and in further developing the favorable situation.

From the above, the conclusion may be drawn that the various endeavors in the minority areas throughout the province have been progressing satisfactorily and along the lines laid out by the Third Plenary Session of the 11th Party Central Committee. It was decided by the Seventh Plenary Session of the 11th Party Central Committee that the 12th National Party Congress should be held on 1 September. This is a momentous event affecting the political life of the entire party and the people of all nationalities throughout the nation. We are determined to make a success of our work involving the nationalities, to take concrete measures to further develop the favorable situation and to make the 12th National Party Congress a success.

9621

CSO: 4006/019

HONG KONG MEDIA ON CHINA

'ULTRALEFTISTS' OPPOSE HUGE PROFITS

HK181327 Hong Kong MING PAO in Chinese 18 Oct 82 p 6

[Special dispatch by Shih Jo [2457 5387]: "Ultraleftists Opposed to Huge Profits Made in Guangdong's External Economic Dealings"]

[Text] Guangzhou--Guangdong has focused its external economic dealings on processing materials supplied by customers, processing materials according to given samples, assembling and the compensation trade, which are called "three comes and one compensation" for short. Although the past 3 years or so saw a rapid development of these trades, due to the opposition of the ultraleftists, there has been a tit-for-tat debate on this development. Are these trades good or bad? Will they be continued or not? The departments concerned are summing up experiences now.

Those who oppose these trades hold that by importing some "broken metal pieces," only foreign businessmen benefit. At the same time, the foundation of socialism is undermined.

The supporters of these trades hold a different view. They hold that cooperation with foreign businessmen must be based on mutual benefit. This is a national policy. The so-called "only foreign businessmen benefit" idea does not conform to reality. Over the past 3 years or so, since the "three comes and one compensation" were developed, Guangdong has imported more than 100,000 sets of equipment, most of which are advanced equipment in foreign countries. This has promoted the development of Guangdong's industry, especially the electronic and textile industries. For example, the water spurting loom which Foshan bought from Japan's Mitsubishi Company for \$7.8 million, which has an annual capacity for producing 12 million yards of nylon yarn, as well as the printing and dyeing equipment and technology it has imported, were all advanced equipment and technology at the end of the 1970's or the beginning of the 1980's. The Nanhai County watch factory has imported high-frequency supersonic wave case polishing machines from the United States, water testing machines from Japan and punching and double-headed drilling machines from Switzerland. This equipment has enabled this county factory to produce 30,000 to 40,000 pieces of watch casing for Japanese "Orient" and "Ricoh" watches. Moreover, it has successively produced more than 170 varieties of watch cases, the design and quality of which were generally acknowledged as the best in China.

Although some units have imported outdated equipment from Hong Kong, such as hand wool spinning machines, most of them were imported at very low prices and are being used in rural communes and brigades. Since the production level in the commune and brigade is low and the labor force is cheap, it is certainly beneficial to gain processing fees with this old equipment. This is actually export of labor without going out of the doors.

Those who opposed these trades pointed out that although through the practice of the past 3 years in opening the door more widely, carrying out more lenient domestic policies and giving more decision power to lower level units, the initiative of the grassroots units has been brought into play and the economy has been greatly stimulated due to lax management, some "three comes and one compensation" projects have greatly affected normal foreign trade, such as the trade in bricks, freshwater fish breeding, small electric bulbs and rattan work.

However, the supporters of the trades do not agree with this opinion. They hold that the practice over the past 3 years has not damaged but has rather promoted normal foreign trade. For example, according to statistics in Foshan, during the 3 years before 1979, foreign trade increased at an average rate of 3.2 percent a year. Export value in 1978 was more than 98 million yuan. However, during the 3 years after 1979, the average increase rate was 27.3 percent, and the export value in 1982 was more than 200 million yuan. The main reason for this increase was the import of advanced technology and equipment, and the transformation of the old enterprises.

It is reported that during the debate, some departments sent out, one after another, several "additional circulars" and "additional regulations" to restrict the "three comes and one compensation." Some of them are correct, but some of them are entirely unreasonable. For example, a factory in Sanshui County has processed clothes and exported them to non-EEC European countries. The quota is free, but instead, a certificate of origin is required. In the past, issuing one certificate of origin cost only HK\$5, and the quantity of export goods could be filled by the factory freely. However, at present, for exporting every dozen items of clothing, a certificate is needed, which costs HK\$15. Thus, this factory, which exports 50,000 dozens a year, must deduct HK\$750,000 from its annual profits.

The debate shows that in CPC's external economic dealings, the pernicious influence of ultraleftist ideology has not yet been eliminated. It also shows that some departments have put their interests above those of the state and the whole.

What will be the result of this debate? The majority of people here believe that although detours are unavoidable, after summing up experiences, the pernicious influence of ultraleftist ideology will be eliminated, the management will be improved and loopholes will be stopped up. There are bright prospects for the "three comes and one compensation" because the open door policy has become an unshakable and fundamental national policy.

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